

GOVERNMENT OF INDIA.
DEPARTMENT OF REVENUE AND AGRICULTURE.

SELECTION OF PAPERS

ON THE SUBJECT OF

PERMANENT SETTLEMENTS

AND

REDEMPTION OF THE LAND REVENUE
IN INDIA.



CALCUTTA:
OFFICE OF THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA.
1897.

SELECTION OF CORRESPONDENCE ON THE SUBJECT OF PERMANENT SETTLEMENTS AND REDEMPTION OF THE LAND REVENUE IN INDIA.

CONTENTS.

Serial No.	Number and date of letters, etc., and subject.	Reference to Proceedings.	Page.
	PART I.—Colonel R. Baird Smith's Report and connected papers.		
1	<i>Report by Colonel Baird Smith, dated 14th August 1861, paragraphs 62 to 82.</i> In continuation of his Report on the Famine of 1860-61, forwards his opinion on the remedial measures to be adopted for the prevention or essential mitigation of the effects of the occurrence of future seasons of drought; and offers remarks on the question of a permanent settlement of the land revenue.	P. W. D. Library No. J. A. 185.	1
	CIRCULAR TO LOCAL GOVERNMENTS.		
2	<i>Government of India, to Government of Bengal, No. 1864, dated 7th October 1861.</i>		8
3	<i>Government of India, to the Government of the North-Western Provinces and Oudh, No. 2033, dated 7th October 1861.</i>		9
4	<i>Government of India, to Government of the Punjab, No. 2034, dated 7th October 1861.</i>		9
5	<i>Government of India, to Governments of Madras and Bombay, Nos. 2035 and 2036, dated 7th October 1861.</i>		9
6	<i>Government of India, to the Chief Commissioners of Oudh and the Central Provinces, Nos. 2037 and 2038, dated 7th October 1861.</i> Forwards a copy of Colonel Baird Smith's Report (No. 1 above); and, with reference to the remarks in paragraphs 62 to 82, asks for opinion on the question of fixing permanently the public demand on the land.	Home Department (Public) Proceedings, dated 7th October 1861, Nos. 21 to 36.	10
	REPLIES TO ABOVE CIRCULAR, DATED 7TH OCTOBER 1861.		
7	<i>Government of Madras, to Government of India, No. 241, dated 8th February 1862, and enclosures.</i>		10
8	<i>Government of Bombay, to Government of India, No. 1627, dated 23rd April 1862, and enclosures.</i>		20
9	<i>Government of the Punjab, to the Government of India, No. 889, dated 25th April 1862, and enclosures.</i>		27
10	<i>Government of the North-Western Provinces, to Government of India, No. 678-A, dated 27th May 1862, and enclosures.</i>		30
11	<i>Government of Bengal, to Government of India, No. 863, dated 25th June 1862, and enclosures.</i>		50
12	<i>Chief Commissioner, Central Provinces, to Government of India, No. 532, dated 22nd July 1862.</i> Opinions of the several Local Governments and Administrations and of local officers and authorities consulted on the question, raised by Colonel Baird Smith, of fixing permanently the public demand on the land. (Opinions of officers below the Members of the Board of Revenue or of the Financial Commissioner have been omitted from this Selection.)	Home Department (Revenue) Proceedings, 5th September 1862, Nos. 6 to 41.	54
	MINUTES RECORDED ON THE OPINION GIVEN BY THE HON'BLE MR. E. MALTBY, MEMBER OF THE MADRAS COUNCIL (ENCLOSURE OF NO. 7 ABOVE).		
13	<i>Minute by the Hon'ble Sir H. B. E. Frère, dated 3rd March 1862.</i>		56
14	<i>Minute by Lord Canning, dated 8th March 1862.</i>		56
15	<i>Minute by the Hon'ble Mr. Cecil Beaton, dated 18th March 1862.</i>		56
16	<i>Minute by the Hon'ble Mr. S. Laing, dated 7th April 1862.</i> Remarks and orders on the opinion of the Hon'ble Mr. E. Maltby, of the Madras Council, on the question of introducing a permanent settlement of the land revenue in all India.	Ibid.	57
	NOTE SHOWING THAT NO ACTION WAS TAKEN ON THE PRECEDING PAPERS.		
17	<i>Office note, dated 1st September 1862.</i> Directs that the papers be "recorded with no present orders."	Ibid.	60

Serial No.	Number and date of letters, etc., and subject.	Reference to Proceedings.	Page.
PART II.—Papers relating to schemes for (1) the grant or sale of waste lands in perpetuity ; and (2) for the redemption of land revenue.			
18	<i>Despatch from the Secretary of State, to the Government of India, No. 2 (Revenue), dated 31st December 1863.</i>	60	
	Desires consideration of the question of granting waste lands to settlers in India in perpetuity, discharged from all demand for land revenue on the part of the State; and also of the question of permitting the proprietors of estates, subject to the payment of revenue, to redeem the land tax by the immediate payment of a sum of equivalent value.		
19	<i>Resolution by Government of India, Home Department, No. 3264 (Revenue), dated 17th October 1861 (extract paragraphs 38 to end).</i> Rules laid down by the Government of India on the subject of— (a) the sale of waste lands in perpetuity, discharged from all prospective demand on account of land revenue; and (b) permission to redeem the existing land revenue, by the immediate payment of one sum equal in value to the revenue redeemed.	Home Department (Revenue) Proceedings, October 1861, Nos. 5 to 99.	62
20	<i>Government of India, to Secretary of State, No. 18, dated 21st October 1861.</i>	Ibid.	64
	Forwards a copy of Resolution No. 3264 (Revenue), dated 17th October 1861 (No. 19 above).		
21	<i>Secretary of State, to Government of India, No. 14, dated 9th July 1862 (paragraphs 1 to 3, and 23 to end).</i> Conveys further remarks and instructions upon the subject of the redemption of the land revenue; and states that these instructions should supersede the provisions of the Resolution of the Government of India, No. 3264 (Revenue), dated 21st October 1861, so far as they are inconsistent with them; and that fresh regulations should be forwarded for the approval of Her Majesty's Government.	Home Department (Revenue) Proceedings, 15th August 1862, Nos. 8 to 10.	65
22	<i>Government of India Circular to the Governments of Bengal, the North-Western Provinces, and the Punjab, No. 4206, dated 15th August 1862 (extract paragraphs 1 and 13).</i>	Ibid.	75
23	<i>Government of India, to Governments of Madras and Bombay, Nos. 4244 and 4245, dated 15th August 1862.</i>	75	
24	<i>Government of India Circular to the Chief Commissioners of Oudh, the Central Provinces, and Burma, and the Commissioner at Mysore, No. 450 (Foreign Department), dated 30th August 1862.</i>	Foreign Department (Revenue) Proceedings, September 1862, Nos. 33 and 34.	75
	Forwards a copy of the Secretary of State's Despatch No. 14, dated 9th July 1862, with revised instructions on the subject of the sale of waste lands and the redemption of land revenue.		
25	<i>Government of India, to Government of Bombay, No. 567, dated 23rd January 1863.</i>	Home Department (Revenue) Proceedings, 23rd January 1863, Nos. 2 to 4.	75
26	<i>Resolution of the Government of Bombay, No. 2553, dated 1st August 1863.</i>	Home Department (Revenue) Proceedings, 28th August 1863, Nos. 31 and 32.	76
27	<i>Government of India, to Government of Bombay, No. 5426, dated 29th August 1863.</i>	Ibid.	77
28	<i>Government of Bombay, to Government of India, No. 836, dated 8th March 1864.</i> Rules adopted in Sind for the sale of unassessed waste lands. Redemption of land tax in Sind. Inexpediency of a permanent settlement in Sind.	Home Department (Revenue) Proceedings, 8th March 1864, No. 17.	77
PART III.—Papers on the subject of a permanent settlement in Upper India.			
NORTH-WESTERN PROVINCES.			
29	<i>Note by W. Muir, Esq., Senior Member of the Sudder Board of Revenue, North-Western Provinces.</i> Principle to be adopted in reference to the extension of the permanent settlement.	Home Department (Revenue) Proceedings, 8th June 1864, Nos. 3 to 17.	77
30	<i>Minute, dated 20th July 1863, by the Hon'ble Mr. Edmund Drummond, Lieutenant-Governor of the North-Western Provinces.</i> Measures for arriving at a fair valuation of estates as the ground of a permanent settlement.	Ibid.	79
31	<i>Minute, dated 5th March 1864, by Sir J. Lawrence, Viceroy and Governor General of India.</i> Constitution of the Board of Settlement, and measures for revision of assessment.	Ibid.	81

Serial No.	Number and date of letters, etc., and subject.	Reference to Proceedings.	Page.
32	<i>Minute, dated 23rd March 1864, by W. Muir, Esq., Senior Member, Sudder Board of Revenue, North-Western Provinces, with a postscript, dated 31st March 1864.</i> Remarks on Sir J. Lawrence's Minute, dated 5th March 1864 (No. 31 above).	Home Department (Revenue) Proceedings, 8th June 1864, Nos. 3 to 17.	88 95
33	<i>Minute by the Hon'ble Mr. E. Drummond, Lieutenant-Governor of the North-Western Provinces.</i> Remarks on Sir J. Lawrence's Minute, dated 5th March 1864 (No. 31 above).	<i>Ibid.</i>	95
34	<i>Government of India, to Government, North-Western Provinces, No. 544, dated 8th June 1864.</i> Conditions and limitations in regard to the settlement.	<i>Ibid.</i>	97
35	<i>Government of India, to Secretary of State, No. 12, dated 8th June 1864.</i> Forwards correspondence on the subject of a permanent settlement of land revenue in the North-Western Provinces.	<i>Ibid.</i>	102
36	<i>Circular Order No. 18, dated 1st August 1864, of the Sudder Board of Revenue, North-Western Provinces.</i> Instructions to Settlement Officers.	.....	102
37	<i>Secretary of State, to Government of India, No. 11 (Revenue), dated 24th March 1865.</i> Review of previous history, and opinion on proposed plans, regarding a permanent settlement.	Home Department (Revenue) Proceedings, 10th June 1865, No. 18.	105
38	<i>Government of India, to Government, North-Western Provinces, No. 1666, dated 19th June 1865.</i> Remarks on Secretary of State's despatch, dated 24th March 1865 (No. 37 above); instructions in connection with the subject of permanent settlements.	<i>Ibid.</i>	109
39	<i>Government of India, to Secretary of State, No. 25, dated 3rd August 1865.</i> Permanent settlement in connection with canal irrigation.	Home Department (Revenue) Proceedings, 3rd August 1865, Nos. 14 to 20.	110
40	<i>Secretary of State, to Government of India, No. 17, dated 17th March 1866.</i> Review of previous papers.	Home Department (Revenue) Proceedings, May 1866, No. 11.	110
41	<i>Government of India, to Secretary of State, No. 29, dated 20th November 1866.</i> Settlement of estates affected by canal irrigation.	Home Department (Revenue) Proceedings, November 1866, Nos. 1 to 4.	112
42	<i>Secretary of State, to Government of India, No. 15, dated 23rd March 1867.</i> Rules to be observed before a permanent settlement is made in estates in the North-Western Provinces, or elsewhere, which are affected, or are likely to be affected, by canal irrigation.	Home Department (Revenue) Proceedings, 8th June 1867, No. 6.	115
43	<i>Government of India, to Secretary of State, No. 23, dated 8th June 1867.</i> Instructions issued to the Government of the North-Western Provinces regarding the permanent settlement of estates affected, or are likely to be affected, by canal irrigation.	<i>Ibid.</i>	116
44	<i>Secretary of State, to Government of India, No. 44, dated 16th August 1867.</i> Permanent settlement of estates likely to be affected by canal irrigation in the North-Western Provinces.	.....	119
45	<i>Government of India, to Secretary of State, No. 30, dated 26th July 1867.</i>	Home Department (Revenue) Proceedings, 26th July 1867, Nos. 43 and 44.	120
46	<i>Government of India, to Secretary of State, No. 49, dated 28th November 1867, and enclosures.</i> Further correspondence with North-Western Provinces on the subject of the permanent settlement of estates likely to be affected by canal irrigation.	Home Department (Revenue) Proceedings, 19th November 1867, Nos. 3 and 4.	120
47	<i>Secretary of State, to Government of India, No. 52, dated 8th November 1867.</i>	.....	122
48	<i>Secretary of State, to Government of India, No. 7, dated 24th January 1868.</i> Approves instructions issued to Government of the North-Western Provinces regarding settlement of estates likely to be affected by canal irrigation.	.....	123

Serial No.	Number and date of letters, etc., and subject.	Reference to Proceedings.	Page.
49	<i>Government, North-Western Provinces, to Government of India, No. 280, dated 20th February 1869, and enclosures.</i>	Revenue, Agriculture and Commerce Department (Revenue) Proceedings, September 1871, Nos. 39 to 42.	123
	Minutes by Sir W. Muir, Lieutenant-Governor of the North-Western Provinces, on the rates for assessment of Pargana Baghpat, Meerut District.		
	Conditions regarding permanent settlements in the North-Western Provinces.		
50	<i>Government, North-Western Provinces, to Government of India, No. 63-A., dated 12th January 1870, and two minutes.</i>	<i>Ibid.</i>	126
	Minutes by Sir W. Muir, Lieutenant-Governor of the North-Western Provinces, on the Bulandshahr Settlement.		
51	<i>Government, North-Western Provinces, to Government of India, No. 113-B., dated 23rd March 1870.</i>	<i>Ibid.</i>	132
	Minutes by Sir W. Muir, Lieutenant-Governor of the North-Western Provinces, on the Bulandshahr Settlement.		
52	<i>Minutes by the Hon'ble Sir John Strachey, dated 26th September 1870.</i>	<i>Ibid.</i>	133
	Permanent settlement of the North-Western Provinces.		
53	<i>Memoranda by Sir Donald F. MacLeod, Lieutenant-Governor of the Punjab, and by Mr. R. Egerton, Financial Commissioner.</i>	<i>Ibid.</i>	137
	Permanent settlement in the Punjab.		
54	<i>Minute, dated 7th February 1871, by the Earl of Mayo, Viceroy and Governor General of India,</i>	<i>Ibid.</i>	139
	Permanent settlement of the North-Western Provinces.		
55	<i>Government of India, to Government, North-Western Provinces, No. 276, dated 26th May 1871.</i>	<i>Ibid.</i>	142
	Settlements of the district of Bulandshahr and of Pargana Baghpat in the Meerut District.		
	Question of a permanent settlement. Principles of assessment of the land revenue.		
56	<i>Government of India, to Secretary of State, No. 7, dated 26th May 1871.</i>	<i>Ibid.</i>	151
	Permanent settlement unsuitable for the North-Western Provinces.		
57	<i>Secretary of State, to Government of India, No. 24, dated 20th July 1871.</i>	<i>Ibid.</i>	153
58	<i>Secretary of State, to Government of India, No. 26, dated 27th July 1871.</i>	<i>Ibid.</i>	152
	Reconsideration of the question of having a permanent settlement in the North-Western Provinces.		
	Report of the Select Committee of the House of Commons on the question.		
59	<i>Government, North-Western Provinces, to Government of India, No. 685 A., dated 2nd March 1874, and enclosures.</i>	Revenue, Agriculture and Commerce Department (Revenue) Proceedings, July 1879, Nos. 32 to 34.	153
	Report on the question of a permanent or a temporary settlement of the land revenue.		
60	<i>Government of India, to Government, North-Western Provinces, No. 344, dated 1st May 1874.</i>	<i>Ibid.</i>	170
61	<i>Government, North-Western Provinces, to Government of India, No. 2372-A., dated 6th October 1874.</i>	<i>Ibid.</i>	171
	Sir John Strachey's opinion on the question of a permanent settlement.		
62	<i>Government of India, to Secretary of State, No. 17, dated 17th October 1882.</i>	Revenue and Agricultural Department (Revenue) Proceedings, November 1882, No. 10.	171
63	<i>Secretary of State, to Government of India, No. 24, dated 22nd March 1883.</i>	Revenue and Agricultural Department (Revenue) Proceedings, May 1883, Nos. 57 to 63.	188
64	<i>Government of India, to Government, North-Western Provinces and Oudh, No. 525-R., dated 9th May 1883 (extract paragraph 4).</i>	Revenue and Agricultural Department (Revenue) Proceedings, May 1883, Nos. 57 to 63.	193
	Principles upon which future revisions of land revenue assessments may be made. Rejection of the policy of a permanent settlement, pure and simple.		
65	Memorandum showing that the orders of the Secretary of State contained in Despatch No. 24, dated 22nd March 1883 (No. 62 above), were communicated to other Local Governments and Administrations and that further correspondence ensued on the principles of land settlement, ending with Secretary of State's Despatch No. 4, dated 8th January 1885, which is quoted in extenso.	.....	193

No.	Number and date of letters, etc., and subject.	Reference to Proceedings.	Page.
	PART IV.—Papers on the subject of a permanent settlement in Oudh.		
66	<i>Government of India, to Chief Commissioner of Oudh, No. 255, dated 13th September 1871.</i> Forwards a copy of correspondence with the Government of the North-Western Provinces and Oudh; and solicits an expression of opinion on the question of a permanent settlement of land revenue.	Revenue, Agriculture and Commerce Department (Revenue) Proceedings, September 1871, Nos. 39 to 42.	193
67	<i>Chief Commissioner of Oudh, to Government of India, No. 1859, dated 24th April 1872.</i> Opinion of the Chief Commissioner on the subject of a permanent settlement of the land revenue.	Revenue, Agriculture and Commerce Department (Revenue) Proceedings, February 1873, Nos. 7 to 9.	194
	PART V.—Papers on the subject of a permanent settlement in the Punjab.		
68	<i>Government of India, to Government of the Punjab, No. 85, dated 5th March 1864 (extract paragraphs 11 to 16).</i> Revision of assessment in the Jullundur Doab with a view to permanent settlement.	Foreign Department (Revenue) Proceedings, March 1864, Nos. 9 to 12.	195
69	<i>Government of India, to Government of the Punjab, No. 292, dated 4th July 1865.</i> Applicability of the principles of a permanent settlement to portions of the Punjab.	Foreign Department (Revenue) Proceedings, July 1865, Nos. 1 and 2.	197
70	<i>Government of the Punjab, to Government of India, No. 250—550, dated 18th August 1870, and enclosures.</i> Opinion on the question of applying the principles of a permanent settlement to the Punjab.	Revenue, Agriculture and Commerce Department (Land Revenue and Settlement) Proceedings, 29th July 1871, Nos. 26 and 27.	197
71	<i>Government of India, to Secretary of State, No. 5, dated 21st July 1871.</i> Communicating the views of the Government of the Punjab on the question of applying the principles of a permanent settlement to that Province.	Ibid.	198
72	<i>Government of India, to Government of Punjab, No. 284, dated 18th September 1871.</i> Asks for opinion on certain proposals for introduction of a permanent settlement into the Punjab.	Revenue, Agriculture and Commerce Department (Land Revenue and Settlement) Proceedings, September 1871, Nos. 39 to 42.	199
73	<i>Secretary of State, to Government of India, No. 85, dated 14th September 1871.</i> Defers passing orders on the question of applying the principles of a permanent settlement to the Punjab until receipt of the opinion expected as regards the introduction of the system to the North-Western Provinces.	.....	199
74	<i>Government of Punjab, to Government of India, No. 180, dated 5th February 1873.</i> Forwards a note by Mr. R. Egerton, Financial Commissioner, Punjab, on the question of a permanent settlement of the land revenue.	Revenue, Agriculture and Commerce Department (Land Revenue and Settlement) Proceedings, February 1873, Nos. 7 to 9.	199
75	<i>Government of Punjab, to Government of India, No. 1470, dated 8th October 1873.</i> Minute by the Hon'ble Mr. R. H. Davies, C.S.I., Lieutenant-Governor of the Punjab, on the question of limiting the Government demand for land revenue in perpetuity; and a Note by Mr. T. H. Thornton, Secretary to Government, Punjab, on the Titles Settlement of England and Wales.	Revenue, Agriculture and Commerce Department (Revenue) Proceedings, November 1873, Nos. 72 to 75.	201
76	<i>Government of India, to Government of Punjab, No. 540, dated 15th May 1883 (extract paragraph 4).</i> Orders of the Secretary of State finally rejecting the policy of a permanent settlement, pure and simple.	Revenue and Agricultural Department (Revenue) Proceedings, May 1883, Nos. 57 to 63.	207
	PART VI.—Papers on the subject of a permanent settlement in the Central Provinces.		
77	<i>Government of India, to Chief Commissioner, Central Provinces, No. 490, dated 3rd September 1862.</i> Asking for opinion on the policy advocated by the Secretary of State of a permanent settlement of the land revenue.	Foreign Department (Revenue) Proceedings, October 1862, Nos. 3 and 4.	207

Serial No.	Number and date of letters, etc., and subject.	Reference to Proceedings.	Page.
78	<i>Chief Commissioner, Central Provinces, to Government of India, No. 89, dated 8th October 1862.</i> Views of the Chief Commissioner of the Central Provinces in favour of a permanent settlement of the land revenue in certain districts.	Foreign Department (Revenue) Proceedings, January 1863, Nos. 6 and 7.	207
79	<i>Government of India, to Government, North-Western Provinces, No. 11, dated 18th January 1863.</i>	<i>Ibid.</i>	209
80	<i>Government, North-Western Provinces, to Government of India, No. 305-A, dated 4th March 1863.</i> Minutes by Members of the Sudder Board of Revenue, North-Western Provinces, on the proposals made by the Chief Commissioner of the Central Provinces for the introduction of a permanent settlement into certain districts of the Central Provinces.	Foreign Department (Revenue) Proceedings, March 1863, Nos. 73 to 76.	210
81	<i>Government of India, to Chief Commissioner, Central Provinces, No. 60, dated 21st March 1863.</i> Thirty years' term of settlement preferred to a permanent settlement in the Central Provinces on the condition that Government may, after ten years from the commencement of the term, revise the settlement with the view of effecting a permanent settlement.	<i>Ibid.</i>	212
82	<i>Government of India, to Secretary of State, No. 3, dated 15th April 1863.</i> Reports arrangements made for a 30 years' term of settlement in the Central Provinces, with liberty for Government to revise it at any time after the first ten years, with the view of effecting a permanent settlement.		212
83	<i>Chief Commissioner, Central Provinces, to Government of India, No. 1621-A, dated 29th April 1863.</i> Revised proposals with regard to the term of settlement of the land revenue in the Central Provinces.	Foreign Department (Revenue) Proceedings, November 1863, Nos. 6 and 7.	213
84	<i>Chief Commissioner, Central Provinces, to Government of India, No. 1630, dated 29th April 1863 (extract paragraphs 1 and 68 to 69).</i> Principles on which settlements in the Central Provinces should be concluded.	Foreign Department (Revenue) Proceedings, November 1863, No. 8.	214
85	<i>Government of India, to Chief Commissioner, Central Provinces, No. 267, dated 10th October 1863.</i> Requests reconsideration of the proposals made by him for the issue of a general proclamation on the subject of a permanent settlement.	Foreign Department (Revenue) Proceedings, November 1863, Nos. 9 to 11.	215
86	<i>Government of India, to Chief Commissioner, Central Provinces, No. 265, dated 10th October 1863 (extract paragraph 1, orders on section 17, and last paragraph).</i> Orders of the Government of India regarding the principles on which settlements in the Central Provinces should be concluded.	<i>Ibid.</i>	217
87	<i>W. Muir, Esq., Senior Member, Board of Revenue, North-Western Provinces, to Government of India, No. —, dated 3rd November 1863 (extract paragraphs 1 to 12).</i> Opinion of Mr. Muir on the term for which settlements of land revenue should be made in the Central Provinces.	Foreign Department (Revenue) Proceedings, February 1864, Nos. 10 and 11.	217
88	<i>Chief Commissioner, Central Provinces, to Government of India, No. 5124, dated 21st November 1863.</i> Further report on the subject of the term for which settlements should be concluded in the Central Provinces.	Foreign Department (Revenue) Proceedings, February 1864, Nos. 13 and 14.	218
89	<i>Government of India, to Chief Commissioner, Central Provinces, No. 46, dated 4th February 1864.</i> Rejection of the proposal for a permanent settlement of the land revenue in the Central Provinces.	<i>Ibid.</i>	220

SELECTION OF PAPERS
ON THE SUBJECT OF
PERMANENT SETTLEMENTS
AND
**REDEMPTION OF THE LAND REVENUE
IN INDIA.**

PART I.—Colonel R. Baird Smith's Report and connected papers.

No. 1.] *Extract from a Report by COLONEL R. BAIRD SMITH, on the Famine of 1860-61.*

62. Such then having been the general result of the protracted fixity of the public demand, the security of titles, the general moderation of assessment, the recognition and careful record-of-rights, and the reasonably equitable distribution of the burden of land taxation, which were the main characteristics of the settlements of 1833-45, the inference seems irresistible that to intensify and perpetuate those results we must proceed still further in the same healthy and fruitful direction. The good which has been done by partial action on sound principles is both a justification and an encouragement to further advances, and entertaining the most earnest conviction that State interests and popular interests will be alike strengthened in an increasing ratio by the step; the first, and, as I believe, most important remedial measure, I have respectfully to submit for consideration, is the expediency of fixing for ever the public demand on the land, and thus converting the existing settlements in the first great subdivisional section of the tract of country now under reference, from settlements for long periods only, into settlements for perpetuity. I limit this to the first subdivision simply for convenience. The second subdivision is much mixed, and still, in part at least, in a state of transition, unsuited to the adoption of the course which can safely be recommended for the first. But if it should hereafter appear that the same principle can be extended beyond the limits of the first subdivision, as shown in Chart No. VII, its beneficial influence would there be the same.

In illustration of the statement made in the text (*vide para, 70.*) relative to the steady flow of capital to the land, I annex some proofs from District records.

Abstract Statement showing the distribution of landed property at the commencement of British rule, and the same at the present time in the district of Fullahpur.

TERMS AND CLASSES.	Number of villages in possession of different classes at the Cession in 1802-3;	Number of villages now in possession of different Tribes and Castes.	VARIATION.	
			INCREASE.	DECREASE.
Rajputs	436	326	..	110
Brahmins	167	203	36	..
Mussulmans	608	603	..	3
Kayathis	230	256	26	..
Buqqnals . . . . .	..	30	30	..
Aheers	9	2	..	7
Koormees	91	60	..	31
Khuttrees . . . . .	..	39	36	..
Rastogecas . . . . .	..	17	17	..
Lodhas	42	16	..	26
Gosains . . . . .	..	4	4	..
Government . . . . .	..	1	1	..
Kulwaris . . . . .	..	26	26	..
Eurasians . . . . .	..	2	2	..
Bhats	5	9	4	..
Ugurwals . . . . .	..	2	2	..
Jats	1	4	3	..
Mores	2	1	..	1
Songroms	13	2	..	11
Telies	1	2	1	..
Tameeles	1	1	..	..
Sonars . . . . .	..	2	2	..
Kham Tehseel	7	..	..	7
	1,613	1,613		

63. So far back as 1802-3, the pledge of a perpetual settlement of the land revenue was given by the local authorities to the people of these Provinces, subject, however to the sanction of the Court of Directors. In describing the fiscal system of that period, and the state of the general misery and oppression which had prevailed, Sir Robert Montgomery thus alludes to the temper and feelings of the people:—

"I have quoted enough to show the state of the country then about to be subjected to British management.

"The first step was a false one. The revenue (of the district of Cawnpore) was raised from Rs 22,56,156 to Rs 24,87,924. * * * * * The people, however, were full of confidence in the justice and integrity of the British Government, and, looking forward to the blessings of a perpetual settlement, such as had been formed in Bengal, were ready to accede to any terms."

Such a settlement was negatived, however, at the time by the Home authorities, and, looking back from the vantage ground of the long intervening experience, it appears clear that, if made in the dense ignorance which prevailed, it must have involved, unconsciously to its authors, a hideous amount of injustice and wrong. More than a quarter of a century was allowed to pass, however, before even a moderate degree of light was let in upon the various bearings of the question; and even now, at the end of more than half a century, many will still doubt whether we can safely grant to the people those blessings which were anxiously expected by their fathers, when the country first came under British rule. I believe, however, that the boon of a public demand fixed for ever would be appreciated at this time even more heartily, because far more universally, than at that remote period, for thousands would share, each in his degree, in its benefits now, by reason of the general recognition and record of individual rights, for tens who would have shared them.

64. It may be supposed that a great sacrifice of public revenue is involved in the concession of a perpetually-fixed demand on the part of Government. It is to be observed, however, that (with a single exception to be noticed separately) the recent tendency of the

Grouping the different castes under the two great divisions of Agricultural and Commercial, the following abstract shows pretty nearly the movement of proprietary right among them during the last fifty years:—

	Estates.
Loss by the Agricultural Castes	181
Gain by the Commercial Castes	192

The Collector observes that at the time of cession the purely merchant (Mahajani) castes did not hold a single estate, whereas now they have 85. The other gains have been made by Brahmin bankers, or the like, and the result will, I think, seem conclusive in this instance as to the tendency of the mixed classes generally, to seek investment in land.

The same inference is warranted by the following:—

Statement showing the distribution of landed property at the commencement of British rule and at the present time in the district of Cawnpore.

TRIBES AND CASTES.	NUMBER OF ESTATES IN POSSESSION OF DIFFERENT CLASSES.		VARIATIONS.	
	At the Cession.	At the present time.	Increase.	Decrease.
Rajputs	992	830	...	153
Brahmins	335	522	187	...
Mussulmans	191	325	134	...
Kayaths	219	169	...	30
Buqquls	20	50	30	...
Ahers	53	36	...	17
Koormees	144	169	16	...
Mullahs	6	3	...	3
Khutrees	11	13	2	...
Goojurs	2	2	...	...
Lodlins	10	5	...	5
Gossains	2	11	9	...
Byrages	...	2	2	...
Government	...	6	0	...
Kulwaris	1	24	23	...
Europeans	...	24	24	...
Joolahas	...	...	...	...
Bhoojee	...	...	...	...
Bhat	...	4	4	...
Junaya	8	8	...	...
Jats	7	6	...	1
Kachee	...	2	2	...
Bshelees	5	21	16	3
Kurhur	...	4	4	...
Telee	4	3	...	1
Mahratta	...	2	2	...
Bhutiara	...	2	2	...
Chumar	...	4	4	...
	2,010	2,010		

measures of Government has shown a different conviction and indicated a belief that its interests are best secured, not by general enhancement, but by general lightening of its demand on the land. The latest orders under which settlements now in progress are conducted prescribe a reduction of the proportion of the rent or net produce hitherto appropriated as Government revenue from 66 to 50 per cent.; and I have no doubt that this is a most wise and prudent step, suio to justify itself before many years pass away. It is scarcely possible indeed that a tax on rent, which, even at its minimum absorbs half that product, and presses exclusively on a single section of the community, can be permitted to increase. The tendency will, I believe, be quite in the opposite direction, and instead of desiring to raise the moderately-assessed districts to the level of the highest, the best revenue authorities will probably seek to lighten the pressure on the latter, and in this manner, rather than by the converse process, to equalise the burden generally. Such an equalisation would lead to an universal increase in the wealth of the agricultural classes. The price of land would rise gradually from four or five years' purchase of the Government revenue to 10 or 12 times that standard. Capital would in time accumulate in other hands than those of the native money-dealers, or the scarcely-taxed native commercial classes in general. The land would enjoy the benefit of such accumulations, and as a necessary consequence of the increased prosperity of that class which must always be the very core of native society, and with the strength or the weakness of which the social fabric generally must always have the acutest sympathy, trade and commerce and general wealth would not only increase, but, as years passed on, the community must grow stronger and stronger, and the risk of its collapsing under any such calamities as that we are now considering, would gradually become less and less. Assuming, then, that the results of the measure would, in some degree at any rate, realise these anticipations, it seems unreasonable to suppose that an intelligent and powerful Government could fail to participate in them. Its intelligence would direct it to the least offensive and most effective means of sharing in the general prosperity and its power would ensure the fair trial and ultimate success of those means. There would be no real sacrifice, therefore, I believe, but, on the contrary, a marked increase of the public resources, from the creation of the increased private prosperity to which it is conceived that a perpetual settlement of the public demand must lead.

65. There is one direction, however, in which the sacrifice of the interests of Government does undoubtedly seem to be great under a perpetual settlement, and it is fairly matter of doubt in how far such a sacrifice is justifiable. All the best revenue officers with whom I have discussed the details of this measure agree in finding the greatest difficulty in its way in the condition of districts under irrigation from canals executed exclusively at the public expense. If these works had been executed with private capital and by private enterprise, the question would have assumed a very simple and easily-managed form. But not only have private individuals had no connection with them, but the whole irrigation system has become so intimately and so inextricably interwoven with the land-revenue system, as to be exercising upon it constantly a most vital, and in some respects a most deranging, influence. I will limit myself at present to a general description of the way in which these results have been, or are now being produced, more special details being reserved till the subject of irrigation in general can be taken up in a subsequent part of this report.

66. The case then stands thus: between 1816 and 1860 the Government of India has expended at various times and on various works designed for irrigation a sum that may be taken in round numbers at 3 millions sterling. It does not matter in the least what the actual sum has been; but to make the existing machinery of irrigation as created by Government within the tract of country under reference complete in all its parts, the expenditure would be pretty nearly what I have just stated. This sum has, of course, been paid exclusively from the Imperial Treasury. It is an investment of the funds of the community, and in the results of this investment the community has an unquestionable right to share on fair and equitable terms. Excepting in their capacity as members of the tax-paying body in general, the proprietors of estates watered from the Government canals have paid no portion of the expense of the works, and they have of course no claim more valid than that of their neighbours to the enjoyment of the profits of the works. In a case like this it is impossible to separate the interests of Government and the community. They are, in fact, identical, and whatever of profit goes to Government, or whatever of sacrifice is thrown upon it, is really the profit or the sacrifice of the community at large. Hence, then, the officers employed in settling the land revenue have invariably asserted the right of Government to exact a higher revenue

Here the movement may be shown in abstract thus:—

Loss by the Agricultural Classes	:	:	:	:	:	153
Gain by the Commercial Classes (excluding Mussulmans)	:	:	:	:	:	219

The merchant or mahajun castes are represented as holding 301 estates, and paying between one-sixth and one-seventh of the Government revenue. Some of the purely agricultural classes have gained considerably; but, on the whole, the movement has been much in favour of the mercantile and monied classes, including among them the priestly order, as represented by Brahmins, Gosains, Byrngees, who have increased their holding since the cession by 192 estates.

It will doubtless be noticed that during the period under reference the European proprietors of estates in Cawnpore have increased from 0 to 24.

In the district of Allyghur the mercantile class holds 255 $\frac{1}{2}$ estates out of 2,003, and some similar proportion will be found to prevail over the whole tract under reference. But I need not dwell longer upon the question, as the details given will sufficiently establish the general accuracy of the statements in the text.

than usual from estates benefiting by irrigation from canals constructed solely at the public cost. They refuse to recognise rights due to purely accidental vicinage to canals. The users of canal water pay a small water-rate to the canal officers, and the revenue thus realised is the only revenue which appears in the accounts of the Irrigation Department. But it is an utterly fallacious index of the true profits derived from the canals, inasmuch as the Settlement Officer has absorbed into the land-revenue a large proportion of true canal profits. Hence arises the interweaving of the two systems to which I formerly alluded, and hence, too, the influence which those estates, having water without enhancement of price through long settlement periods, exercise in deranging the general economy of the settlement system. For example, here are four estates taken promiscuously from among the canal villages of the Meerut district, with details showing their condition at the commencement and close of the settlement period, whereby I think the difficulty under discussion will be made very plain.

Statement showing the comparative condition of certain Canal villages in the Meerut district at settlement and at the present time.

Villages and Estates.	Amount of Government Revenue.	AREAS.						GROSS PRODUCE.		
		IRRIGATED.		UNIRRIGATED.		TOTAL.		At Settlement.	In 1860-61.	Percentage of increase.
		At Settlement.	In 1860-61.	At Settlement.	In 1860-61.	At Settlement.	In 1860-61.			
		Acres.	Acres.	Acres.	Acres.	Acres.	Acres.	At Settlement.	In 1860-61.	Percentage of increase.
A .	R 3,997	676	1,064	299	6	1,260	€1,255	R 10,644	R 18,130	70
B .	R 5,866	960	1,371	1,415	506	2,389	2,390	R 15,642	R 26,218	68
C .	R 12,473	1,169	3,998	1,551	...	4,598	4,654	R 33,262	R 63,864	98
D .	R 5,363	994	1,929	1,302	29	2,215	2,336	R 14,302	R 31,902	123

* The small differences in the total areas are due to corrections of measurements made during the currency of the settlement.

67. Attention being given first to A, it will be seen that at settlement in 1840-41 it had an irrigated area of 676 acres, and an unirrigated but cultivated one of 299, with culturable or waste land to the extent of 285 acres. By 1860-61 the irrigated area had been increased to 1,064 acres, by the absorption of the whole of the unirrigated area except 6 acres, and the further absorption of 95 acres of what had been considered before as either culturable or unculturable waste. The actual increase of irrigated area is about 57 per cent. But much of the new land had been occupied by the more valuable crops, sugarcane, rice, cotton, and the like, so that the annual value of the gross produce of the estate, which at settlement was R10,644, had risen in 1860-61 to R18,130, or 70 per cent. I may mention in passing that these figures are taken from the Collector's papers simply as they stand there, and that they have not even been seen, so far as I know, by any officer interested personally in the Irrigation Department. I accept them, therefore, with entire confidence as the statements of a witness with no motive to err.

68. In B the results are quite as marked. The irrigated areas have increased from 360 to 1,371 acres, by absorbing 1,011 acres of the culturable but unirrigated land, and the value of the gross produce has risen from R15,642 to R26,218, or 68 per cent.

69. C, which is a large and fertile estate, well known to me and in singular prosperity, had at settlement an irrigated area of 1,169 acres. It has since increased its breadth of irrigation to 3,998 acres, or by 342 per cent. on the original area! Its annual gross produce has risen in value from R33,262 to R63,864, or 98 per cent.

70. D is another fine estate known to me for many years as growing yearly in prosperity, and yet containing the most inveterate grumblers I ever met with. Here the increase of irrigated area has risen to the remarkable amount of 498 per cent. on the same area at the time of settlement, and only 29 acres out of 1,302 are left without irrigation. The annual value of the gross produce of the estate has risen during the currency of the settlement from R14,302 to R31,902, or 123 per cent.

71. Now, it is one of the leading principles, observed in the formation of the settlements, that equality in the distribution of the land tax, within reasonable limits of variation, should be carefully attended to. Absolute equality is neither practicable nor indispensable, but great departures from it in adjoining districts, and still more within the same district, would inevitably cause, it is said, much discontent; unless such inequality had been created by the personal exertions of the proprietors of improved estates, and was traceable either to their superior intelligence, wealth, or industry. Inequality due to none of these, but simply to the vicinage of canals, for the construction of which those remote from them have paid as much as those near to them, is, no doubt, likely to be a disturbing element in native society. The preceding details enable us to judge of the intensity with which it acts. In fixing the revenue rates of a district their incidence on the different great classes into which the area of an estate is divided, viz., cultivated, further subdivided into irrigated and unirrigated, and culturable, forming together the revenue-paying land, and rent-free or barren waste, which do not

bear any revenue charge, is carefully noted. The results are compared in various ways with those obtained from other estates, anomalies are investigated, differences adjusted, and ultimately such a degree of equality is obtained as is sufficient for all practical ends. Let us now look at the variations introduced into the estates I have given as illustrations:—

Statement showing the comparative revenue rates at settlement and now, as influenced by canal irrigation in the estates noted therein.

Government revenue in variate during settlement.	AREAS.						REVENUE RATES.					
	IRRIGATED.		UNIRRIGATED.		TOTAL CULTIVATED.		ON IRRIGATED AREAS.		ON AREA OF CULTIVATION.		ON TOTAL AREA.	
	At settlement.	In 1860-61.	At settlement.	In 1860-61.	At settlement.	In 1860-61.	At settlement.	In 1860-61.	At settlement.	In 1860-61.	At settlement.	In 1860-61.
A .	3,907	676	1,004	200	6	975	1,070	1,260	6 0 11	3 12 1	4 1 7	3 11 0
B .	5,868	560	1,371	1,415	506	1,175	1,577	2,790	16 4 8	4 7 4	3 4 10	3 2 0
C .	12,473	1,169	3,009	1,651	..	2,720	3,003	4,699	10 10 8	3 1 11	4 0 4	3 1 11
D .	6,363	394	1,929	1,302	20	1,036	1,059	2,215	13 4 8	2 12 7	3 2 7	2 11 5

72. As the minute details of the distribution of the Government demand in these estates are unknown to me, revenue rates given for the irrigated, and the total cultivation in the table, are only relatively, not absolutely, accurate, but they are quite as well suited in that form as in any other to illustrate the present question. Whatever may have been the rates fixed on the irrigated areas by the Settlement Officer at the time of settlement, they have now decreased under the disturbing influence of canal action in the following ratios:—

A about $\frac{1}{2}$
 B " $\frac{2}{3}$ ths.
 C " $\frac{3}{4}$ rds.
 D " $\frac{1}{2}$ ths.

73. Hundreds of examples, many even more striking than the above, could be shown, and when the causes of such derangements operate over vast areas, as they have now begun to do, they must revolutionise the action of the general principles of the settlement, and modify vitally the relations of the land to the public demand. The variation is not of course nearly so marked when the revenue is thrown on the whole cultivation, and is not perceptible at all when measured on the total area of the estate. Canal irrigation is the great cause of disturbance, and it must be admitted that the seal of its influence gives it claim to most careful consideration. The possession of it implies that estates which paid in 1840-41 a gross revenue to the State of Rs 27,699, continue to pay the same, while the value of their annual produce has risen from Rs 73,850 to Rs 140,114, or very nearly doubled.

74. In further illustration of the same subject, but from the different point of view taken by the Collector of Saharanpore, I annex the following statement in which the columns "Rent rolls" show the total rentals of estates at time of settlement and now, and those headed "Revenue" show the revenue under the last settlement, and the variations proposed by the Collector under that now in course of formation. The Collector has added a column headed "Canal Expenses," but not knowing exactly what is meant, though I suspect it is the amount of the Water-rate paid annually by each estate, I have omitted it, as of no great importance.

Comparative Statement of villages irrigated from the Eastern Jumna Canal in the Saharanpore District at Settlement in 1840-41 and in 1860-61.

NUMBER OF ESTATES.	RENT ROLLS.		REVENUE.		PERCENTAGES OF INCREASE	
	At Settlement in 1840-41.	In 1860-61.	At Settlement in 1840-41.	In 1860-61.	Of Rental.	Of Government Revenue.
1	800	1,600	625	625	200	...
2	350	850	250	400	243	160
3	200	450	150	310	225	126
4	400	1,260	303	400	212	33
5	1,500	3,200	912	1,150	113	22
6	500	1,125	364	450	125	21
7	1,100	2,450	905	1,148	122	27
8	2,000	4,350	1,356	2,000	117	48
9	700	1,450	510	600	107	20
10	700	1,700	681	1,100	143	88
11	3,000	7,900	2,000	3,500	163	75
12	900	1,925	744	800	114	7
13	500	1,650	404	650	230	61
14	500	850	334	425	70	26
15	1,200	2,470	1,035	1,400	105	35
16	900	1,650	652	670	83	2
17	800	2,100	452	600	163	33
Totals and Averages .	16,050	36,970	11,609	16,258	180	40

75. The general conclusion from these results is as strong as before. The rental of the estates has increased 130 per cent., and out of this increased rental the Collector proposes in these instances to take for increased Government revenue an average of 40 per cent. Under a perpetual settlement of course no such increase would be taken, or, in other words, the canal villages, assuming them to have paid revenue rates of Rs.1.1-3 at settlement on their total cultivated areas, would have had them reduced now, by no special efforts of their own, to Rs.10-5 per acre, their neighbours still continuing to pay the superior charge.

76. It is, of course, impossible for any race, or tribe, or clan, whatever its hereditary feelings or habits may be, to resist such fascinations as these, and the prospect of so doubling or more than doubling profits, while taxes continue unaltered, is an irresistible inducement to industry. Be the cultivators good or bad; be they on the one hand Jats or Ahirs, or Koormees or the like, or on the other hand, Goojurs or Ranghurs, or Rajputs or the like, they are sure to yield to the inviting prospect; and while the one indefatigably extend their careful culture, the other break up their ancestral jungles and plant wheat where of old they pastured stolen cattle. I have repeatedly, in my own limited experience, turned tracts of country notorious for the lawlessness of their people, into broad sheets of cultivation, by the simple expedient of running irrigation channels through the hearts of them.*

77. While, therefore, some objection may be taken to the disorganising influence of extensive canal action on revenue relations, and while I may admit the force of this objection as bearing on the conversion of permanent into perpetual settlements, I believe that due consideration should also be given to its strengthening and progressive tendencies. I have already likened these rich tracts, scenes against the fluctuations of season, and filled by a prosperous people, to the bars and bonds that hold material structures together; and our experience of the famine of 1860-61 is certainly full of proof of the justice of the comparison. I have not seen, in my own experience, much display of those feelings of discontent and dissatisfaction with the good fortune of their neighbours, which people in districts as yet un supplied with canal irrigation are said to feel. I have even been told by some that such irrigation is regarded within and without canal districts as rather more of a curse than a blessing; while again I have learned from all who have lately seen the action of the system, and have been able to judge for myself that its influence for good is, in fact, beyond all gainsaying. It is at the same time right to make it known, that importance is attached to the disturbing influence under reference, by most of those to whose judgment and experience on such points I willingly defer with respect and confidence. I have accordingly given much anxious thought to the working out of plans whereby the influence of canal action may be made compatible with a perpetual settlement of the land revenue, and I am confident that this result may be attained without serious difficulty. The details are intimately connected, however, with questions bearing on canal administration generally, which must come under discussion hereafter, and it will be best to give the whole together. But, meanwhile, it is proper to say that my conviction of the expediency of fixing the public demand in perpetuity is quite unaffected by the peculiar position of districts having canals of irrigation executed solely at the cost of Government within their limits. Even if it were necessary to omit the strips of country so situated for a time from the perpetually-settled tracts, it would be better to do so than by reason of the existence of these zones of irrigation, deny the great and strengthening boon to the tract in general. I trust to be able to prove that the first alternative is altogether unnecessary, but I have no hesitation in declaring my preference for it, should the proof fail, over the existing system of progressive enhancement of the land tax even though at long intervals apart.

78. The objection just dealt with has other aspects, and there are additional reasons against pressing it too far. If so pressed it would paralyse all material or administrative improvements likely to produce inequality in the social status of different classes of the people.

If such inequality produced by Imperial canals is a mischief to be abated only by the periodic sweep of the Collector's measuring chain over the land, why except like inequalities due to Imperial railways or roads? We know that the vicinage of these is as sure to produce them as the vicinage of canals, though the process may not be so speedy, or the results so soon measurable. Why, too, except natural differences tending to the same ends,

* In illustration I may tell here a short story of the Mutiny. My friend and Assistant, Mr. Willcocks, was obliged to fly from his station on the Eastern Jumna Canal in May 1857, accompanied by his wife, three children, and an Assistant Overseer, Sergeant Brown. The party had many narrow escapes in working their way from the vicinity of Delhi towards Saharanpore, but managed to reach the western part of the latter district, when they were all taken possession of by a party of Goojurs and carried by them to their village. There they were hospitably cared for for about a month, housed in the best house the place afforded, and protected against all injuries, their Goojur protectors having on one special occasion shown perfect readiness to fight a body of mutineers or rebels who required the Europeans to be given up to them. Willcocks and Brown, however, being both resolute men, and the aspect of their party being threatening, the mutineers moved on. Thus matters continued till the country was more settled, when the headman of the village with a strong party of his people escorted his guests into the station of Saharanpore and delivered them over to the Magistrate in all honour and in good condition. The village was a canal village, and on hearing of its conduct I took upon myself to grant it at once the use of as much canal water as it could employ free of all charge for ten years, and the last private note I ever received from the late Lieutenant-Governor Mr. Colvin expressed his full approval of the grant. Goojurs though the people were, the temptation to industry was really irresistible, and in about two years they had brought very nearly all the land of the village capable of being irrigated under irrigation, increasing their profits of course very largely. They became in fact too suddenly rich and prosperous, as I learnt when last at Saharanpore that they had quarrelled amongst themselves. This will end in time, however, but of their susceptibility to such influence as abundant means of irrigation bring in their train, there can be no doubt.

class industry, class thrift, and other qualities, whose influences are self-evident? It is undeniable that the ultimate tendency of a perpetual settlement, with the stimulus it gives to action, the free scope it allows to capital, the fair play it secures to capacity for business and so on, is to establish and consolidate gradations in society. Is there really any objection to it? I cannot help thinking, for my own part, that it is one of the best premises the scheme possesses, for it promises to correct gradually, and naturally, without check or injustice, social laws and customs, which, like those of inheritance for example, tend to perpetuate poverty, and administrative policies, which, though sanctioned by loved and respected names, and growing out of pure and high principles of humanity and good-will, have yet been injurious and weakening in their influences on society.

79. It will be understood then that, in advocating a perpetual settlement of the public demand on the land as a means of strength and growth to the community in the famine tracts, I contemplate no interference whatever with existing rights in the soil. The full enjoyment of these is guaranteed to their proprietors by the most solemn and repeated sanctions. But I anticipate that under the free action of the laws which mould and form societies, much, if not all, that is obstructive and objectionable in the influences of these rights, will gradually disappear. The steady gravitation of capital to the land, of which the evidences are already unquestionable; the tendency to aggregation rather than to minute subdivision of the soil, of which proofs are discernible; the growth of wealthy communities, such as I have indicated in speaking of the influences of canal irrigation, with many other points, all indicate the direction in which society is moving; and I am sure that, such being the case, the safest and best policy as regards its internal action is simply to leave it alone, and let it assume its natural forms and conditions, with the smallest amount of external interference that is consistent with good and efficient administration. Sudden or magical strides in improvement are neither expected from fixity of demand, nor are they possible. But that the principle is sound and its action satisfactory have been proved by 30 years of trial. The time for the next step in advance is, therefore, now believed to have arrived, and what is expected from its adoption, is only an acceleration of that growth and progress of which I believe I have given sufficient proof, and a steady though more rapid strengthening of the community in its most vital relations to resist such calamities as have lately swept over it, and must be expected to sweep over it again.

80. It seems scarcely necessary to notice an objection so little likely to have serious weight as that the people do not care for having the public demand on their land fixed in perpetuity. Yet, as this objection has been not unfrequently stated to me, I may say that we have excellent authority for believing they earnestly wished it 50 years ago; and all the native evidence I have been able to gather, leads to the conclusion that this desire has not lost its force now. It is not in human nature that it should do so. Each man can, perhaps, best settle the matter by asking himself whether he would prefer a periodical variation of even a reasonable demand on his property, to the same demand fixed and known for ever, or if he would be indifferent to the prospect of obtaining the latter. I believe that native society would regard it as a precious boon, and such, it seems to me, must be the conclusion come to, under the ordinary action of common feelings and common sense.

81. Supposing, then, the principle to be conceded, there is an ample field for it to work in. The latest returns accessible to me show that there is a breadth of culturable but uncultivated land, within the tract to which reference is now being made, of nearly eight millions of acres, being equal to one-third part of its whole present cultivation, and to about one-sixth part of its total area. Since the existing settlements began, a new domain of upwards of a million of acres has been added to the area of cultivation; and, under the additional stimulus of a demand limited for ever, it may fairly be expected that the growth of this domain will be sensibly increased. Every such increase lightens the burden of taxation on the soil; and if the time should ever come when the entire culturable area shall be covered with crops, not only will the proprietary have reaped additional profits from their land, but they will then have lightened the burden of the State demand by not less than about R80,00,000, or £800,000, per annum. There must of necessity be a period of enquiry and revision before so important a principle as that of perpetuity of demand is accepted, and few points will be found mere suggestive, I believe, than the distribution of the increase of culture above referred to. While lightly taxed and thriving districts like Salarpore, Meerut or Rehileund, and Gorakhpore shew their ratios of increase ranging from about 10 to 20 per cent., there is suggestive stagnation, or still more suggestive retrogression, in other districts where it may at least be suspected that the fiscal management is faulty. Into such questions, however, excepting in such broad lights as they present themselves to me in an enquiry like the present, it would be presumption on my part to enter. If the great general principle be admitted, its application in detail will be made by an agency thoroughly competent to its work, and with such intimate knowledge of the true condition of districts as will be a guarantee sufficient against any grave error.

82. By natural and legitimate sequence there will follow, on the grant of a settlement of the land revenue in perpetuity, the grant of power to the community to redeem that demand by an equitable payment in capital, should it so desire. So long as the State can be secured in the enjoyment of the revenue it has fixed, there can be no insuperable objection to the form the revenue may take. So far at any rate as the community is concerned, a payment of revenue in a capital sum, estimated to give annual returns equal to the fixed demand, is virtually the same as payment year by year. It is rather with the State itself perhaps than with the community that the difficulty lies. It is sometimes said half in jest, half in earnest, that the sure effect of a full Indian exchequer is a war. And a war with

all its financial pressure would no doubt be a strong temptation to anticipate the land revenue and to spend the capital by which it had been redeemed. There are also other circumstances under which like temptations might easily arise. But, giving full force to all the difficulties of the question, it cannot well be that they pass solution, and I think that without the grant of power of redemption at will, that of a perpetual settlement will be shorn of its fair proportions, and deprived of important aid. The importance, however, is rather remote than immediate, in the part of the Empire now under reference. I found among the most intelligent natives, with whom I had opportunities of speaking on the subject, an impression that at first the power would be but little used. For this the general reasons given were the magnitude of the demand; the want of means of payment; the uncertainty of the times; the fear that though the revenue might be duly redeemed under the British Government, yet that, in the event of misfortune befalling the Government, the engagement would break down; and the usual suspicions with which changes involving large money payments to the State are regarded. Though the appreciation of a demand fixed in perpetuity would, they thought, be immediate, the desire to redeem the demand would grow but slowly. Such a redemption gives, of course, all who avail themselves of it, the deepest possible stake in the stability of Government; but the very extent of this stake would be a cause for hesitation in accepting it. European land-holders, or Europeans desirous of becoming so, would probably take advantage of it if they had the requisite capital, and their example would have its effect. I must add, however, that one of the most intelligent men, of this class I met in the North-Western Provinces, the proprietor of the landlord's right in very large estates, told me that, while he would heartily appreciate a perpetual settlement of the revenue, he would not be disposed to redeem it, even though he had the means of doing so, and that at first at least he believed few would. He thought at the same time that the disposition would increase as recollections of disturbed times passed away. It is, however, for reasons often stated and obvious, of inestimable importance to scatter European settlers over the country, and it is certain that such a result would be greatly facilitated by granting to them the power, if they chose to use it, of redeeming the land they hold from the public demand, and all the interference it necessarily involves. My own conviction is, that the power might safely be conceded with advantage to the interest of the State in proportion to the extent to which it might be used; but that anticipations of any very large use of it are not likely to be realised for many years to come.*

No. 2.]

No. 1864, dated the 7th October 1861.

From—W. GREY, Esq., Secretary to the Government of India,
To—E. H. LUSHINOTON, Esq., Secretary to the Government of Bengal.

I AM directed to transmit a copy of the final Report submitted by Colonel Baird Smith, in connection with the enquiry for which he was deputed to the famine districts of the Upper Provinces in February last, and with reference to the question of fixing permanently the public demand on the land, which is chiefly discussed in paragraphs 62 to 82 of the Report, to state that the Governor-General in Council is desirous to be made acquainted with the opinion of the Honourable the Lieutenant-Governor upon the expediency of a permanent settlement as applicable to the districts of the Lower Provinces which are not within the existing permanent settlement.

2. In considering this very important subject, I am desired to request that the Lieutenant-Governor will also express his opinion as to the value of a Legislative sanction for settlements for terms of years in districts in which His Honour may not consider the existing settlements of a character to be made permanent; and that he will state the points to which such legislation, if had recourse to, should extend. The Governor-General in Council is disposed to believe that a settlement under legislative sanction would be free from many of the objections to which at present temporary settlements are open and would greatly improve the tenure of land.

* In the part of the country under notice such a process as purchasing the fee simple of the land is at present impossible. There is no such right to be sold. It does not exist, and it cannot be created without wholesale confiscation of private property. There is no acre of land among the 30 millions or thereabout forming the total area of the tract on which private rights of various kinds do not exist, and arbitrarily to destroy these is what nobody would think of. Government can only dispose of what belongs to it, and all that does belong to it is the right to sell the proprietary tenure of estates on default of payment of revenue. If there is no default, there is no power of sale. The buyer buys the proprietary right on its terms, and these terms do not imply the extinction of even the humblest subordinate rights. Such rights are quite as precious to their owners as his peculiar holding is to the statesman of the lake districts, or the yeoman of Kent or Sussex. But the proprietor of the superior right, supposing him to have capital, is almost sure to be able in time to purchase the inferior rights, and this process of simplification is, I have reason to believe, in active progress to no inconsiderable extent. There is some of the unpopularity connected with it which, among the ignorant, is connected with the action of grain merchants in times of dearth, and the feeling is as unreasonable in the one case as in the other. The process is a natural one, and if honestly and fairly pursued, not merely a legitimate but a desirable one. It is the only one indeed which is consistent with respect for all rights of property, and while abuses of it may be checked, the use of it is beneficial. In time and under its operation the nearest approach practicable to tenure in fee simple may be made, but the process will be a slow one at best.

Of course the above remarks have no application to lands properly waste and burdened with no private rights. Of these, however, there are none of any importance within the limits of the tract under notice.

No. 3.]

No. 2033, dated the 7th October 1861.

From—W. GREY, Esq., Secretary to the Government of India,

To—Sir GEORGE COOPER, Bart., C.B., Secy. to the Govt. of the N.-W. Provinces.

IN forwarding to you, for submission to the Honourable the Lieutenant-Governor, a copy of the final Report made by Colonel Baird Smith, in connection with the enquiry for which he was deputed to the famine districts of the Upper Provinces in February last, I am directed to state that the Governor-General in Council will receive with interest the views of His Honour upon the important points discussed in it.

2. The completion of the Ganges Canal and the improvement of its head works; the

Paragraphs 125 and 126 of Report.

examination of the country west of the Jumna with respect to its capability of being irrigated; the mode of establishing a record-of-rights in water and of improving the irrigation administration; the question of a fixed demand as water rate; the improvement of the system of laying down and executing roads;—these are all points which call for the attention of the Lieutenant-Governor, and I am desired to request that His

Paragraph 138.

Paragraphs 146 to 153.

Paragraphs 154 to 156.

Paragraph 175.

Honour's views concerning them may in due course be communicated to the Government of India in the Public Works Department.

3. But the question upon which the Governor-General in Council is most desirous to have early intimation of the Lieutenant-Governor's views is that which is treated chiefly in paragraphs* 62 to 82 of the Report, namely, the question of a permanent settlement of the land revenue; not only with special reference to the districts which have recently suffered from famine, but as a general measure applicable, sooner or later, to the country at large. In considering this very important subject, I am desired to request that the Lieutenant-Governor will also express his opinion as to the value of a legislative sanction for settlements for terms of years in districts in which His Honour may not consider the existing settlements of a character to be made permanent; and that he will state the points to which such legislation, if had recourse to, should extend. The Governor-General in Council is disposed to believe that a settlement under legislative sanction would be free from many of the objections to which at present temporary settlements are open, and would greatly improve the tenure of land.

No. 4.]

No. 2034, dated the 7th October 1861.

From—W. GREY, Esq., Secretary to the Government of India,

To—R. H. DAVIES, Esq., Secretary to the Government of the Punjab and its Dependencies.

IN forwarding to you, for submission to the Honourable the Lieutenant-Governor, a copy of the final Report made by Colonel Baird Smith, in connection with the enquiry for which he was deputed to the famine districts of the Upper Provinces in February last, I am directed to state that the Governor-General in Council will receive with interest the views of His Honour upon the important points discussed in it.

2. The improvement of the Western Jumna Canal, and the employment of the River

Paragraph 132 of Report.

Sutlej for purposes of irrigation, are points which call for the attention of the Lieutenant-Governor; and I am desired to request that His Honour's

Paragraphs 134 and 135.

views concerning them may be in due course communicated to the Government of India in the Public Works Department.

3. But the question upon which the Governor-General in Council is most desirous to have early intimation of the Lieutenant-Governor's views is that which is treated chiefly in paragraphs †62 to 82 of the Report, namely, the question of a permanent settlement of the land revenue; not only with special reference to the districts which have recently suffered from famine, but as a general measure applicable, sooner or later, to the country at large. In considering this very important subject, I am desired to request that the Lieutenant-Governor will also express his opinion as to the value of a legislative sanction for settlement for terms of years in districts in which His Honour may not consider the existing settlements of a character to be made permanent; and that he will state the points to which such legislation, if had recourse to, should extend. The Governor-General in Council is disposed to believe that a settlement under legislative sanction would be free from many of the objections to which at present temporary settlements are open, and would greatly improve the tenure of land.

No. 5.]

Nos. 2035—2036, dated the 7th October 1861.

From—W. GREY, Esq., Secretary to the Government of India,

To—The Secretary to the Government of ^{Andhra} _{Bombay}.

I AM directed to transmit a copy of the final Report submitted by Colonel Baird Smith in connection with the enquiry for which he was deputed to the famine districts of the

* Vide Paper
No. 1.

Upper Provinces of the Bengal Presidency in February last, and with reference to the question of fixing permanently the public demand of the land, which is chiefly discussed in * paragraphs 62 to 82 of the Report, to state that the Governor-General in Council is desirous to be made acquainted with the opinion of His Excellency the Governor of ^{Madras}_{Bombay} in Council upon the advantages of a permanent settlement as applicable to the various districts of the ^{Madras}_{Bombay} Presidency.

2. In considering this very important subject, I am desired to request that the Governor in Council will also express his opinion as to the value of a legislative sanction for settlements for terms of years in districts in which His Excellency in Council may not consider the existing settlements of a character to be made permanent, and that he will state the points to which such legislation, if had recourse to, should extend. The Governor-General in Council is disposed to believe that a settlement under legislative sanction would be free from many of the objections to which at present temporary settlements are open, and would greatly improve the tenure of the land.

No. 6.]

Nos. 2037—2038, dated 7th October 1861.

From—W. GREY, Esq., Secretary to the Government of India,

To—The Offg. Chief Commissioner of Oudh; and the Commissioner of Nagpur.

+ Vide Paper
No. 1.

I AM directed to transmit a copy of the final Report submitted by Colonel Baird Smith in connection with the enquiry for which he was deputed to the famine districts of the Upper Provinces of the Bengal Presidency in February last, and with reference to the question of fixing permanently the public demand on the land, which is chiefly discussed in paragraphs 62 to 82† of the Report, to state that the Governor-General in Council is desirous to be made acquainted with your opinion upon the advantages of a permanent settlement as applicable to the various districts of the Province of ^{Madras}_{Nagpur}.

2. In considering this very important subject, I am desired to request that you will also express your opinion as to the value of a legislative sanction for settlements for terms of years in districts in which you may not consider the existing settlements of a character to be made permanent; and that you will state the points to which such legislation, if had recourse to, should extend. The Governor-General in Council is disposed to believe that a settlement under legislative sanction would be free from many of the objections to which at present temporary settlements are open, and would greatly improve the tenure of land.

No. 241, dated Fort St. George, the 8th February 1862.

No. 7.] From—H. D. SMITH, Esq., Secretary to the Government of Madras, Revenue Department,
To—The Secretary to the Government of India.

+ Vide Paper
No. 5.

I AM directed by the Honourable the Governor in Council to acknowledge the receipt of your letter No. 2035,‡ requesting his opinion "upon the advantages of a permanent settlement as applicable to the various districts of the Madras Presidency, and as to the value of a legislative sanction for terms of years in districts in which His Excellency in Council may not consider the existing settlements of the character to be made permanent."

2. I am to premise that by a "permanent settlement" this Government understand the Governor-General in Council to intend no more than fixing the land tax in perpetuity, in other words to bar the Government in all time to come from increasing the assessment on all land brought under that settlement.

3. The words "permanent settlement" are however, very generally applied to zemindary settlements, under Regulation XXV of 1802 of the Madras, and Regulation I of 1793 of the Bengal, Code. To any extension of this mode of tenure, in this Presidency the Government are wholly opposed, for among reasons, the weighty objection, that it alienates from the State all waste lands. It is to this source that this Government look for a gradual increase in its land revenue, and it is essential that this source of future revenue should not be lost to the State.

4. This being understood, I am to explain briefly the present state of the land tenure in this Presidency under the prevailing ryotwari system, to which alone the proposals contained in your letter are applicable.

5. This mode of administration was introduced in 1792 by Colonel Read and was subsequently worked out by Sir Thomas Munro. In 1812 the Home Government ordered it to be generally introduced, and it has since formed the prevalent tenure of this Presidency—The revenue derived from zemindaries being in round numbers half a million sterling, while that drawn from ryotwari estates is three and a half millions.

6. There can be no question that one fundamental principle of the ryotwari system is that the Government demand on the land is fixed for ever.

7. When first settling the Salem District in 1796, Colonel Read issued a proclamation to the ryots in which the following rule appears:—

The Putkut Nellum (or holding) being measured and valued, the assessment of every individual field in it, when at the full rate, fixed for ever, that is to say, the Government is never to require more or receive less, nor you to pay less or more than the present rate unless when those fields actually "dry" shall hereafter be converted

into wet, at the expense of Government, when the rates will be proportionately raised, according to the consequent increase of the produce and in like manner fixed for ever. But if you carry on such works at your expense, plant trees, etc., you may depend on receiving the advantages accruing from these and from every other improvement of your lands, while you continue to pay the established rates, those constituting, except in the case above mentioned, the annual demand upon them, on the part of the Sircar for ever. Upon these principles you may rent out lands, which you may raise in value by tillage and manure, at rates greatly exceeding the Sircar rates, if there be a demand for them, while you will continue to pay the fixed rates to the Sircar for ever."

8. Similarly, in 1802, Sir Thomas Munro, when issuing instructions to the Collectors of the Ceded Districts, expressed himself as follows:—"When a country has been surveyed, the individual (ryotwari) supersedes both the village and district settlement. The rent of every field being fixed, each cultivator takes or rejects what he pleases, and the rents of all fields occupied in the course of the year in any one village form what is called the settlement of that village." Again, in 1806, when explaining the manner in which a ryotwari settlement was conducted, he says:—"When a district has been surveyed and the rent of every field permanently fixed, the Kulwar (individual) settlement becomes extremely simple; for all that is required is to ascertain what fields are occupied by each ryot and to enter them, with the fixed rents attached to them, in his patta; their aggregate constitutes his rent for the year. He cannot be called upon for more; but he may obtain an abatement, in case of poverty or extraordinary losses. He has the advantage of knowing in the beginning of the season, when he ploughs his land, the exact amount of what he is to pay; he knows the fixed rents of the different fields which he cultivates, and that the demand upon him cannot exceed their total amount; he knows the utmost limit of his rent not only for the present, but for every succeeding year; for it cannot be raised unless he takes additional land, and he is thereby the better enabled to provide for the regular discharge of his kists, and against losses of bad by the profit of good seasons." In 1818 the Board of Revenue issued detailed instructions for the general introduction of ryotwari as ordered by the Home Government. One of the distinguishing characteristics of the system, they said, was "that the assessment was a permanent maximum rent fixed on each field.

9. At a later period the permanency of the ryotwari settlement has on several occasions been acknowledged in unmistakeable terms.

10. In the Madras Administration Report of 1855-56, ryotwari is thus explained: "Under ryotwari system every registered holder of land is recognised as its proprietor and pays direct to Government. He is at liberty to sublet his property, or to transfer it by gift, sale or mortgage. He cannot be ejected by Government so long as he pays the fixed assessment, and has the option annually of increasing or diminishing his holding, or of entirely abandoning it. In unfavourable seasons remissions of assessments are granted for entire or partial loss of produce. The assessment is fixed in money and does not vary from year to year, except in those cases where water is drawn from a Government source of irrigation to convert dry land into wet or one into two crop land, when an extra rent is paid to Government for the water so appropriated; nor is any addition made to the assessment for improvements effected at a ryot's own expense. The ryot, under this system, is virtually a proprietor on a simple and perfect title, and has all the benefits of a perpetual lease without its responsibilities, inasmuch as he can, at any time, throw up his lands, but cannot be ejected so long as he pays his dues; he receives assistance in difficult seasons, and is not responsible for the payment of his neighbours." A similar description of ryotwari was given * to the House of

* Vide annexure No. 1.

Commons by the Home Government in 1857.*

11. The Revenue Board in 1857, in a report to Government on the new survey and settlement, wrote as follows: "It may not here be out of place to notice that a general opinion prevails in England that the Bombay settlement for thirty years secures a far greater permanency of tenure to the land-holder than the present raitwari tenure of Madras. This is altogether an error, for a Madras ryot is able to retain his land in perpetuity without any increase of assessment, as long as he continues to fulfil his engagements."

12. In the same year the Government in a review of the Honourable Mr. Ricketts' report expressed themselves thus strongly: "The proprietary right of a ryot is perfect, and as long as he pays a fixed assessment on his land, he can be ousted by no one; there is no principle of ryotwari management more fixed or better known than this, and the Government deny that any right can be more strong."

13. It is thus abundantly clear that the distinguishing feature of ryotwari is the limitation in perpetuity of the demand of the State on the land. The ryots have thus all the advantages of the zemindary tenure, while the State has a valuable reserve of waste land whence, as cultivation extends, its resources will be augmented so as to meet the increasing demand on its finances which the progress of the country will entail. And in practice this leading principle of ryotwari has never been infringed. The assessments have, as in South Arcot, Bellary, and Cuddapah, etc., been reduced, but in no instance have they ever been raised. Nor in the recent pressure for money has so obvious a source as increasing the land tax been even suggested as being open to the Government.

14. Had matters been left in this position, the Government would now have had merely to report that the ryotwari proprietors of this Presidency already possessed the advantages which the Governor-General in Council appears willing to concede, although these were not secured to them under legislative sanction.

15. But in 1855, when the survey and settlement now in progress were introduced, an important modification was made in the tenure of land.

+ Vide annexure No. 1.

* Return † showing under what tenure and subject to what land tax lands are held under the several Presidencies of India (Mr. William Ewart) ordered by the House of Commons to be printed, 22nd June 1857.

16. The object of these operations was to revise the assessments, which were generally too high. In order to give the ryot in all cases a valuable proprietary interest in the soil, and to induce extended cultivation, 30 per cent. of the gross produce, carefully computed in the manner prescribed, was to be taken as the maximum of the Government demand, and it was thought that 25 per cent. would be the average. The Government were of opinion that the assessment should be fixed in grain for a term of 50 years, and that the commuted value of the latter should be periodically adjusted every 7 or 10 years, according to its average money value in those periods. The Home Government objected to this arrangement, and gave the preference to an assessment in money, unalterable for 30 years. The subject was further discussed by the Government, who ultimately decided that the assessment should be revised after 50 years, if then deemed expedient. This decision, however, has not as yet been authoritatively intimated to the people.

17. It will thus be seen that while the leading characteristic of ryotwari tenure is the permanency of the assessment, the revised assessments now being introduced are subject to revision after 50 years.

18. The alternatives proposed in your letter under reply have received a careful consideration of Government, and I am to state briefly the conclusion at which they have arrived.

19. His Excellency the Governor is favourable to the imposition of a permanent grain rent, but would reserve to Government the power of periodically determining the money value of that rent, if at any future time a material alteration in the value of money should render such a measure expedient.

20. The Honourable Members of Council, on the other hand, support the old ryotwari principle of a permanent money assessment, that is to say, an assessment based on a certain portion of the crop, and converted into a money payment at a fair commutation rate fixed once and for ever.

21. I am to request attention to the Minutes* which accompany this letter and contain the views of the President and Members of Council.

22. The Government are not in favour of settlements under legislative sanction for terms of years. Such settlements would hamper the Government without materially improving the position of the ryot, and it would be better both for the State and the people either that the settlements should be in perpetuity or that the Government should have the power at any time of acting as the exigencies of the State may require. The Government would not alter the assessment, except under the pressure of necessity, and that necessity might occur in the course of the series of years fixed by law for the unalterable duration of the settlement.

Annexure I to No. 7.

PARLIAMENTARY RETURN.

East India (Tenures of Land).

Return to an Order of the Honourable The House of Commons, dated 9th June 1857;—for

A. Return "showing under what Tenures, and subject to what Land Tax, lands are held under the several Presidencies of India."

EAST INDIA HOUSE, }
18th June 1857.

JAMES C. MELVILL.

Return showing under what Tenures, and subject to what Land Tax, lands are held under the several Presidencies of India.

It is presumed that the order of the Honourable House is intended to apply only to those tenures which are held directly under the Government, and not to those sub-tenures which may be created at the pleasure of landowners.

Land throughout India is generally private property, subject to the payment of revenue, the mode and system of assessment differing materially in various parts.

Considerable tracts, however, are exempted from the payment of any revenue, such as Jaghire, Lakhiraj, Maafiee, Enam, and other similar lands, mostly under grants made by the native Governments which preceded us, and which have been subsequently confirmed by the British authorities. Others, such as estates held on Mocurrere or Istimraree titles, are subject to a fixed annual payment, not liable under any circumstances to be increased.

Bengal.

In the Lower Province of the Bengal Presidency, the land is held by zemindars, on payment of an annual sum fixed in perpetuity, the estates being liable to be sold in default of payment, under the provisions of Act I of 1845. The only land at the disposal of Government consists of estates which have been thus sold, and purchased on the public account. The rate of land tax cannot be given, but it is believed to amount, on the average, to about half the rental.

North-West Provinces.

The system pursued in the North-West Provinces is briefly described in the following extract from the "Directions for Revenue Officers," promulgated under the authority of the late Lieutenant-Governor, Mr. Thomason:—

First.—All the inhabited parts of the country is divided into portions with fixed boundaries called mehals or estates; on each mehal a sum is assessed for the term of 20 or 30 years,

calculated as so to leave a fair surplus profit over and above the net produce of the land ; and for the punctual payment of that sum the land is held to be perpetually hypothecated to the Government.

Secondly.—It is determined who are the person or persons entitled to receive this surplus profit. The right thus determined is declared to be heritable and transferable, and the persons entitled to it are considered the proprietors of the land, from whom the engagements for the annual payment of the sum assessed by the Government on the mehal are taken.

Thirdly.—All the proprietors of a mehal are, severally and jointly, responsible in their persons and property for the payment of the sum assessed by the Government on the mehal. When there are more proprietors than one, it is determined according to what rule they shall share the profits, or make good the losses on the estate. If the proprietors are numerous, engagements are only taken from a few of the body, who, on their own parts, and as representatives of the rest, undertake to manage the mehal, and to pay the sum assessed upon it.

The rate of assessment was, in the first instance, limited to two-thirds of the net produce* of each mehal or estate, but on the revision which is about to take place on the expiration of the thirty years which formed the first term of settlement, it has been determined to restrict the demand of the State to one-half of the average net assets.

In some districts, such as Gorakhpore, the Deyrah Dhoon, and Kumaon, there are large tracts of land in which no private rights exist, and which are consequently at the absolute disposal of the Government. These are granted to applicants on favourable terms such as those mentioned in the following notification, which was issued in September 1855:—

- (1) Grants of land for the tea cultivation in the Kumaon and Ghurwal districts of the Kumaon province will be made on the following conditions, on application to the Senior Assistant Commissioner of the district :
- (2) Each grant will be of not less than 200 or more than 2,000 acres; more than one grant may be taken by one person or company, on the applicant's satisfying the local authorities acting under the usual control in the Revenue Department of their possessing sufficient means and capital to undertake an extended cultivation and manufacture of tea.
- (3) One-fourth of the land in the grant will be given free from assessments in perpetuity on fulfilment of the condition below stated :
- (4) The term of the first lease will be for 20 years; for the first 4 years the grant will be rent free; in the fifth year, one anna per acre will be charged on three-fourths of the assessable portion of the grant; two annas per acre in the sixth year; three annas in the seventh year, and so on, one more anna being added in each year, till, in the last year, the maximum rate is reached of one rupee per acre. The full assessment on a grant of 2,000 acres will thus not exceed 1,500 rupees per annum.
- (5) The following are the prescribed conditions of clearance : at the close of the fifth year from the date of grant, the twentieth part of the assessable area; at the close of the fifteenth year, half of the assessable area; and at the close of the last year, three-fourths of the assessable area is to be cleared and well stocked with tea plants.
- (6) In the 21st year, on the fulfilment of the above conditions, the proprietary right in the grant and the right of engagement with Government shall vest in the grantee, his heirs, executors, or assignees, under the conditions generally applicable to the owners of estates in Kumaon; and the rate of assessment on the lands in the grant, in whatever manner cultivated, shall never exceed the average rate on grain-crop lands in the same locality.
- (7) On failure of payment of the prescribed assessment in any year, or of any of the above conditions (the fact of which failure shall, after local enquiry conducted by the Senior Assistant Commissioner, be finally determined by the Sudder Board of Revenue), the entire grant shall be liable to resumption at the discretion of the Government, with the exception of the portion of the assessable area which may be bona fide under tea cultivation, and to a further portion of land which shall be allowed in perpetuity free of assessment to the extent of one-fourth of such cultivated area. The portions so exempted will remain in the possession of the grantee, subject to the usual rates and rules of assessment in the district.
- (8) Grantees shall be bound to erect boundary pillars at convenient points round the circuit of a grant within six months from its date; failing which, such pillars will be put up by the Government officers, and the cost thereof shall be recoverable from the grantee in the same manner as the regulated rate of assessment.
- (9) No claim to the right and interest in the grant on any transfer by the original grantee will be recognised as valid unless on registry of the name of the transferee in the office of the Senior Assistant Commissioner.
- (10) So long as Government establishments for the experimental growth and manufacture of tea shall be maintained in the provinces, supplies of seeds and plants will be given gratis to grantees, on application to the Superintendent, Botanical Gardens, North-Western Provinces, as far as may be in his power.

* By net produce is meant the surplus which the estate may yield after deducting the expenses of cultivation including the profits of stock and wages of labour.

Madras.

The tenures of land under the Madras Presidency are thus described in a report recently received from that Government:—

The revenue systems in force in the Madras Presidency are the zemindary, village joint rents, ryotwar, oolungoo.

The zemindary system is also termed the mootandary, the former designation being usually applied to old ancestral estates, and the latter to those created under the Regulations of 1802.

Under this system estates of greater or lesser extent, according to circumstances, are held by the proprietors direct from the Government, on payment of a fixed annual sum or "peishcush." This payment was fixed on the creation of the estate by a calculation of its actual proceeds at the time, and for some years previously, a deduction, generally of from 33 to 15 per cent., being made therefrom to cover the expenses of management, and to constitute (with the future revenue of the whole of the culturable lands then waste) the emoluments of the zemindar or proprietor.

The prominent defects of this system consists in the entire alienation of the waste lands from the State, and the degree of dependence in which all classes are practically placed under the zemindar. The powerful influence of the latter is also injuriously experienced in matters of police.

The zemindary tenure prevails chiefly in the Northern Circars, though there are large proprietary estates in other districts, as Madura, Nellore, North Arcot, etc.

In the village-renting system the villagers stand in the zemindar's position, and jointly hold from the Government. The village is rented to the whole body, or a section of them, for a term of years, and they make their payments direct to Government, managing their affairs independently, and allotting the lands for cultivation among themselves.

Under this system the middle-man between Government and the people is dispensed with, but there still remain the serious defect of joint responsibility, and the want of clearly defined individual property in the land.

Under the ryotwar system every registered holder of land is recognised as its proprietor, and pays direct to Government. He is at liberty to sublet his property, or to transfer it by gift, sale, or mortgage. He cannot be ejected by Government so long as he pays the fixed assessment and has the option annually of increasing or diminishing his holding, or of entirely abandoning it. In unfavourable seasons remissions of assessments are granted for entire or partial loss of produce. The assessment is fixed in money, and does not vary from year to year, except in those cases where water is drawn from a Government source of irrigation to convert dry land into wet, or one into two crop land, when an extra rent is paid to Government for the water so appropriated; nor is any addition made to the assessment for improvements effected at the ryot's own expense. The ryot, under this system, is virtually a proprietor on a simple and perfect title, and has all the benefits of a perpetual lease without its responsibilities, inasmuch as he can at any time throw up his lands, but cannot be ejected, so long as he pays his dues; he receives assistance in difficult seasons, and is irresponsible for the payment of his neighbours.

The assessment is fixed on each field, and the mode in which this was done is as follows: a certain portion of the produce was first set aside from the gross produce as a joint contribution of the ryot and Government for the pay of village officers, and the remainder divided in certain proportions, the share allotted to Government being commuted into money at the average value of the produce for a period of years antecedent to the settlement.

Unfortunately the share of Government was generally fixed too high, and the result of this over-assessment, increased as its pressure has been by the fall in the value of produce since the settlement was made, has never allowed the system a fair trial. Various restrictive rules also led to much interference with the ryots, though they were far from being a necessary consequence of the system. These restrictions are now being removed and the reductions recently made or in progress, and the correct survey classification and re-assessment of the land now in progress, will do away with these disadvantages, and it may be expected that the superiority of a system which encourages industry and enterprise by being based on individual proprietorship will be more clearly evinced.

The "Annual Settlements" under ryotwari are often misunderstood, and it is necessary to explain that they are rendered necessary by the right accorded to the ryot of diminishing or extending his cultivation from year to year. Their object is to determine how much of the assessment due on his holding the ryot shall pay, and not to re-assess the land. In those cases where no change occurs in the ryot's holding, a fresh pottah or lease is not issued, and such parties are in no way affected by the annual settlement, which they are also not required to attend.

The greater portion of the Presidency is under ryotwari, and a correct understanding of its principles, when properly carried out, is therefore particularly desirable. To revert from ryotwar to the zemindary tenure would be to place a middle-man between Government and the people, to strike off from 15 to 33 per cent. of the existing revenue, and to alienate the waste lands which now afford Government the means of lightening the heavy assessments now prevailing. To have recourse to village rents would be to annul individual property in the land, and to make the community responsible for every member's shortcoming.

The ryotwari system essentially prevails universally, for the zemindar and village-renter equally deal with their tenants on this principle, and every system, be its name what it may must, in the end, resolve itself into ryotwar.

The oolungoo-renting system prevails only in Tanjore and Tinnevelly, and is not general in either; its peculiarity consists in the Government demand being dependant on the current price of grain. On the introduction of the system, a standard grain assessment was fixed on each village, and also a standard rate, according to which the grain demand was to be commuted into money; but it was, at the same time, arranged that if current prices in any year rose more than 10 per cent. above the standard commutation rate, or fell more than 5 per cent. below it, the Government and not the ryot was to receive the profit and to bear the loss. The profit up to 10 per cent. remains with the landowners, who also bear all loss by fall of price as far as 5 per cent. The advantages of the system are that the Government participate with the ryot in the benefit of high prices, while the latter is relieved from loss when prices are much depressed; its disadvantage consists in the difficulty that is experienced in obtaining accurate and fair returns of the current prices which are taken throughout the year.

Bombay.

Under the Bombay Presidency, "the revenue management" may be described in general terms as "ryotwary," implying that, as a general rule, the occupants of Government lands settle for their land-revenue or rent with the Government officers direct, and not through a middle-man. It should be understood, however, that throughout the Presidency, instances not unfrequently occur in which the Government revenues of entire villages are settled for by individual superior holders, under various denominations, or by a co-partnery of superior holders; as instances of the former, the khotee villages of the Konkan, and the Talookdaree estates of Guzerat may be adduced, while the latter are exemplified in the Bhaddaree and Neerwadaree tenure of the Broach and Kaira Collectarates.

In Sindh, not many years ago, the revenue throughout was collected in grain by actual division of the crops; the grain was then sold by reserved auction, artificially high, and sometimes even at famine prices by the Government, as the great grain dealers of the country. The natural condition of the market, thus directly interfered with by the Government, was yet further forced by the circumstance of the Commissariat drawing the grain required for the troops at nominal prices from the Government grain stores. Great progress has been made in superseding this objectionable system by cash assessments, which have been already introduced into several districts of the province. In the Shikarpoor Collectarate generally, but in Larkhana particularly, the advantages of a light and a fairly distributed cash assessment has been most marked and beneficial. The tax-payers are contented, and the Government demand is readily responded to.

A revision of assessment is now in progress throughout the Presidency, by which the amount payable on each field is determined according to its quality, and the amount so fixed is not liable to alteration for a term of 30 years.

Punjab.

In the Punjab one and the same man is usually the absolute proprietor and generally the sole cultivator, though he may occasionally lease out a few fields to tenants. He is saddled with no rent. He has to provide for the cost of cultivation and for the Government demand, the rest of the produce he may devote to the maintenance of his family and the accumulation of his capital. But these men, while maintaining their individuality, do yet belong to village communities. A village is not inhabited by a certain number of ryots, each unconnected with the other, but by a number of persons of common descent forming one large cousinhood, having their own headmen, accustomed to joint action and mutual support.

The British Government has from the first decided on levying the tax by money payments assessed for a term of years. The peasant proprietors compound with the State for a fixed period, such assessment and compounding being technically termed a settlement. But the proprietors do not engage individually with the Government, but by villages. The brotherhood, through its headmen or representatives, undertakes to pay so much for so many years; and then, having done this, they divide the amount among themselves, assigning to each man his quota. Primarily each man cultivates and pays for himself, but ultimately he is responsible for his coparceners and they for him; and they are bound together by a joint liability. The Punjab system, therefore, is not ryotwary, nor zemindary; but the village system. In the hills, and occasionally elsewhere, the zemindary system, and near Mooltan something approaching to the ryotwary system, may be found. But the village system is the prevalent one, especially in the most important districts.

The average rate of assessment per acre, per annum, in the Cis-Sutlej States, is Rs 1-2-4 or 2s. 3½d.; in the Trans-Sutlej States, Rs 1-15-7 or 3s. 1 ½d.; in the Upper Baree and Rechna Doabs, Rs 1-6-5 or 2s. 9½d.; in the Upper Chuch Doab, Rs 1-2-7 or 2s. 3½d. It will be observed that the rate diminishes as the settlement progresses westward, the country being poorer; the same result will occur in the southern districts. It is estimated that a peasant proprietor cultivates, on an average, eight acres, and at the mean rate of assessment (say Rs 1-7 per acre) would pay 12 rupees or £1 4s. per annum to the State. From this point of view, the amount would not seem heavy. Again, from searching and accurate enquiry in the Settlement Department, showing the exact yield and value per acre of every kind of crop, it has been ascertained that the Government demand does not exceed one-fifth of the gross value of the produce in rich tracts, and one-sixth, or one-eighth, or even less, in poor tracts.

More complete information as to the system of revenue administration pursued in the North-West Provinces and in Bombay will be found in the papers printed by order of the

Honourable House on the 20th August 1853 (No. 999). Papers on the subject of the revision of the assessment of the Madras Presidency have also been printed as No. 51 of the present Session.

EAST INDIA HOUSE,
June 1857.

J. S. MILL,
Examiner of India Correspondents.

Anneexe II to No. 7.

Minute, dated 12th November 1861, by Colonel the HONOURABLE SIR WILLIAM DENISON, K.C.B., Governor of Madras.

1. The Governor-General in Council having forwarded to this Government a copy of Colonel Baird Smith's Report on the famine of last year in the Upper Provinces of the Bengal Presidency, has expressed a wish to be made acquainted with the opinion of the Governor in Council on the subject of the advantages of a permanent settlement, as described in certain paragraphs of the above-mentioned Report, as applicable to the various districts of the Madras territory.

2. I have accordingly read carefully the Report in question, and will now proceed to give my opinions of the various proposals submitted by Colonel Smith with relation to the permanency of the Government assessment, and, as coupled with this, the right of redeeming this by the payment of a sum equivalent to a certain number of years' purchase of the annual assessment.

3. I am disposed to agree with Colonel Baird Smith in many of the inferences which he has drawn from facts brought under his notice. He has, however, looked at the question with reference principally to the effects which the measures proposed by him may possibly have on the condition of the agricultural population, while I, in my capacity of Governor, must take a broader and more general view of the action of the changes proposed. I must consider the effect produced, not upon one district only, but upon the Presidency at large, and I must especially consider the effect which, if Colonel Baird Smith's views are carried out, will be produced on the revenue, for upon the certainty and due development of this must the maintenance of our power in India mainly depend.

4. With reference, then, to the first suggestion made by Colonel Baird Smith, that a settlement of the claims of the Government upon the land should be perpetual, I would observe that before any such settlement could be made it would be necessary that the Government should decide, once for all, what proportion the assessment or rent should bear to the produce of the land either gross or net. Having settled this point, it would be necessary to ascertain whether the existing claims upon the ryots are based upon this proportion.

5. If, without the establishment of these preliminary data, the Government were to determine at once that the existing demand upon the ryot should be made permanent, much injustice would be done to individuals, which would, as a matter of course, be redressed; while much would be done to the Government which represents the mass of the community, which would never be noticed or redressed.

6. Assuming, however, that all these preliminary steps have been taken, and that the assessment on the ryot is fair and reasonable, there is yet an important point to consider, one indeed most important with relation to the proposed perpetual settlement, and that is, in what commodity shall this rent or assessment be payable, or, in other words, shall the tenant or ryot pay a corn or a money rent.

7. In paragraph* 64 of his Report, Colonel Baird Smith talks of the rent as the portion of the net produce hitherto appropriated as Government Revenue, which he puts at 50 per cent. of the net produce, but in discussing the question of sixties as a public demand, he evidently applies this fixity, not to the proportion of the crop, or its estimated amount in measures or weight of grain, but to the existing money value, which, looking to the very marked change which has taken place in the value of money during the last few years, represents a much smaller proportion of the crop. The effect of adopting the existing money value of the crop as the basis of the perpetual settlement, would be to place a tenant in a position to which he has no claim. I assume that a revision has been made of the assessment, that everything has been done which could be expected from the best landlord,—under such circumstances the tenant can have no right to the collateral advantages which spring out of the gradual cheapening of money or the alteration of the relation existing between it and produce of various kinds.

8. This is the landlord's fair due, and indeed it is the only means by which he can manage to escape the difficulties arising out of the fixed character of the payments made to him, and the ever varying but steadily increasing price of labour and other commodities.

9. In the case of a Government this would be remedied by the imposition of fresh taxes; but this would in point of fact be equivalent to a system of protection,—that is, one portion of the community would be bettered at the expense of the remainder.

10. I do not wish to enter into the question of the relative advantages of direct or indirect taxation generally. I would only observe that, with reference to India, it would be most unwise to sacrifice the revenue arising from a source so well established and so well understood by the people of India as that of a land or produce assessment, upon the supposition that it may be possible to supply the deficit from other sources; while, then, I should not object to a reduction in the proportion of the crop taken as rent, to such an amount as would leave to the ryot a fair return for his labour and his capital, and while I should not object to make this proportion a perpetual charge on the land, I should altogether object to a proposal to place a

* *Vide Paper No. 1.*

money value upon this proportion of the crop at existing prices, and to make this money value the measure of the rent or assessment to be paid from henceforward.

11. According to Colonel Baird Smith the power to redeem the rent or assessment is a natural and legitimate sequence of a permanent settlement. I cannot see that this connection is necessary, but this is a point which need not be discussed. I might observe that as I disapprove of a permanent monetary settlement, the question of redemption necessarily falls to the ground; but I am desirous of recording my opinion as adverse to the scheme on several independent grounds—indeed I should object to it even were I inclined to admit the advantage of a permanent monetary assessment.

12. In the first place, I may observe that the effect of inducing the occupiers of land to invest their capital in purchasing up the assessment, is, in point of fact, to deprive them of the capital which they require to cultivate the land. It will be said, and indeed is constantly said, that in such matters men are the best judges of their own interests, and that unless they expect or can calculate on certain positive advantages as are likely to accrue from the expenditure of capital, they will not purchase. This, as all such statements are, is partially true. The man who is intelligent and educated, who knows the value of money, who is aware of the various profitable uses to which he may turn it, will of course reject that which, held out to him as a boon, would in fact inflict upon him, were he fool enough to avail himself of the offer, a severe injury. But there are many among Englishmen who attach an undue importance to the possession of land: they look to the acquisition of a freehold as conferring a degree of importance in a colony similar to what it does in England, and they are likely to be deluded into making a purchase which will hamper their operations for years. Colonel Baird Smith admits that few will take advantage of the offer; why then tempt them to do that which their common sense tells them will be injurious? I say injurious, because, as the interest of money may be said to range as high as 10, 15, and 20 per cent. if the Government by appealing to the vanity or weakness of a man's nature leads him to content himself with 5 per cent., he has lost the difference between that and the higher rate of interest,—that is, he has not made so profitable an investment of his capital as he might have done.

13. Colonel Baird Smith brings forward the fallacy that it is a matter of indifference whether the Government receives the interest of its capital annually or is paid the amount of the capital itself and has the responsibility of investing it. But, to say nothing of the well-established fact that the capital will be more productive if left in the hands of private individuals, a very limited acquaintance with the proceedings of Governments would have proved to him that there is nobody entrusted with authority which ought to be entrusted with the expenditure of its capital. The amount of what may be called interest—that is, the sum which can annually be drawn from the population—is limited; but if a Government is enabled to raise money by the sale of perpetuities for a few years' purchase, there would be no check upon or limit to its extravagance. Such a permission could not safely be given to a Government which is accountable to a representative assembly, much less ought it to be entrusted to one which is practically autocratic.

I therefore object to the proposal that the ryots, or generally the men who pay an annual assessment to the Government, should be allowed to purchase up that assessment for a certain number of years' purchase, on the grounds that it would be injurious to the payers as well as to the receivers of the assessment.

Annexure III to No. 7.

Minute, dated 24th December 1861, by the HONOURABLE Mr. E. MALTBY, Member of the Madras Council.

1. Colonel Baird Smith's proposed measure of making the land tax permanent and declaring it only liable to enhancement when Government supplies water by new works of irrigation, has long been the rule in the ryotwary districts in this Presidency and has my cordial approval.

2. Our so-called annual settlements have led to an idea that the land tax fluctuates instead of being fixed, but this is an error. It is the charter of our ryots, and one which they dearly prize, that nothing can be demanded of them in excess of the established assessment except when irrigation is newly supplied. This most valuable principle has produced all the advantages depicted by Colonel Baird Smith in paragraph 60 and succeeding portions of his second Report, in those of our districts which are favoured with a moderate assessment, such as Canara, Malabar, Tanjore, Cuddapah, etc., and it has given vitality to our ryotwary system in those districts where, notwithstanding the soundness of its principle, it nearly broke down under the grievous disadvantages of an unduly high assessment, cumbersome rules of detail leading to interference and annoyance on the part of the inferior revenue servants, and imperfect land registers.

3. The annual settlements of the land revenue in this Presidency have not, therefore, been held for the purpose of fixing or altering the assessment, but to determine what sum was to be paid to Government by each cultivator for the current year after ascertaining the extent of land in his occupancy and his ability to pay the full assessment upon it. In consequence of over-assessment, lands were continually thrown up after a brief occupation, and remissions had to be given when produce was deficient or prices were low. Hence these annual settlements used to be a long and laborious business, but they have already been greatly shortened by the progress made in modifying the assessment and rectifying the details of our ryotwary system, and soon they will become a mere formal matter of account as

be virtually placed upon the landowners at a time when they are least prepared for it, if an increase in the price of grain is to raise the assessment.

4. The evils of our annual settlements have been so great in leading to uncertainty, corrupt interference on the part of the taluk servants and fraudulent practices, that it is the great object of the survey to get rid of them by fixing such a moderate

Revenue Survey Volume, page 17, paragraph 28. assessment as can be paid in all ordinary years.

is not to be a rent which swallows up the surplus produce after paying the wages of labour and the profits of the agricultural stock employed, but a land tax which is to leave a surplus or rent to the proprietor. Exact accuracy is, therefore, declared immaterial in classifying the land and calculating the produce, and

Revenue Survey Volume, pages 8 and 9, paragraphs 13 and 14. the same reasoning urges the fixing of a moderate commutation rate

ouee for all. Else the same necessity

will continue for periodical settlements with their uncertainty and evils, and we shall have all those corrupt practices in fixing the price of grain in different ranges of villages, which have just been swept away by the abolition of the oolungoe in Tanjore and Tinnevelly.

8. These arguments tell most strongly against allowing the assessment to fluctuate annually or at short periods with the price of grain. But they seem to me also to have much force against an arrangement for readjusting the assessment in reference to the state of the markets at distant intervals of time. Unless the assessment is declared permanent, an equal degree of confidence will not be felt, and in consequence capital will not flow as abundantly to the land, and land will not attain the same saleable value. It will also be impracticable to allow the redemption of the land tax, should that measure be considered advantageous to the State, nor could the Inam question have been satisfactorily settled by the issue of permanent titles to the holders of enfranchised inam on the payment of a portion of the old assessment if this obstacle had been allowed to intervene. The importance of this last consideration will

Memo.—A statement obtained by me from the Revenue Board shows that the inam lands equal nearly one-fourth of the assessed area. They comprise six millions of acres, while the assessed area amounts to 26 millions.

he evident when the immense extent of the inam lands is recollect, and as no question regarding the fluctuations of price prevented a permanent settlement being made with them, I trust that the same course will be followed with the other lands of the Presidency.

9. I express this hope on a full conviction that a moderate land tax, fixed once and for ever, is the surest method of promoting the interests both of the Government and the landholders. The encouragement thus given to enlarged agricultural operations, the addition to other sources of revenue which must follow a more extensive and profitable cultivation of the land, and the economy practicable in establishments under a simple system of administration, would, I believe, more than equal any increase in the land revenue which Government can expect from a rise in the price of grain. On the other hand, too, a permanent assessment is such a boon that so long as any profit remains the landowners would bear fluctuation of price below the commutation rate, nor would they in their prosperity be beyond the reach of additional taxation, should pressing occasion arise. An income tax which includes incomes derived from rent is now in temporary operation, though it is to be hoped that the need of it will soon pass away. (Since writing these remarks, I have found the course proposed by me strongly advocated in an elaborate despatch from this Government to the Honourable the Court of Directors, dated 5th March 1813, when the ryotwary system was under consideration, and I would invite attention to paragraphs 130 to 135. The Government observed: "The object which is difficult of attainment, and which requires the first attention, is the augmentation of the general wealth of the country. It will be always easy, we conceive, to devise means of drawing a due proportion of that wealth as it increases into the public treasure;" and then they argued, most justly in my opinion, that a fixed assessment is the mainspring of agricultural enterprise and wealth.) I am thus strongly in favour of a permanent assessment, and by parity of reasoning should prefer a settlement for a term of years to annual settlements.

10. I do not enter into the question of redeeming the land tax, since the opinion of this Government is not called for on that point in Mr. Secretary Grey's letter now under notice.

Appendix to Annexure III.

1. In a Revenue Despatch to Bengal, dated 29th January 1813, the Honourable Court of Directors observe in paragraph 34: "Hence it was also that the survey rents in the Ceded Districts, and indeed in most of the other Collectorships in the Peninsula, where the ryotwary system had been carried into effect, constituted the maximum of annual rent to which the cultivator was liable."

2. The Madras Government in their Revenue letter to Court of Directors, dated 12th August 1814, when replying to the Court's orders to carry out a permanent ryotwary settlement, state in paragraph 6:—

"Independently of the general interest excited by the character of its author (Colonel Munro), his paper, dated 15th August 1807, claims notice as containing the only project of a ryotwary permanent settlement. To that paper your Honourable Court's Despatch makes a marked reference, and we accordingly feel ourselves at liberty to regard the project which it contains as the permanent settlement which your Honourable Court would wish to introduce

In speaking of the ryotwar system, we therefore beg for the sake of accuracy to be understood to mean the system recommended in Colonel Munro's letter of 15th August 1807."

3. In the Revenue Board's elaborate Minute of 15th January 1818, on the Land Tenures of this Presidency, a comparison is thus drawn in paragraph 140 between the zemindary and ryotwari settlement:—

"The grand difference between this system and the permanent zemindary settlements was that engagements for the revenue were entered into by Government with each individual ryot instead of with an intermediate hereditary zemindar. * * * * * The assessment was a permanent maximum assessment fixed on each field."

Annexure IV to No. 7.

Minute, dated 5th January 1862, by the HONOURABLE MR. W. MOREHEAD, Member of the Madras Council.

1. The only answer that can be made by this Government to the letter addressed to it by Mr. Secretary Grey, must be to the effect that no change of tenure is called for. As under the ryotwari system the lands are made over in perpetuity to the ryots, the ryot is to all intents and purposes the proprietor of the land; he can sublet it, and transfer it by gift, sale, or mortgage, and so long as he pays the fixed assessment, he cannot be ejected by the Government. No better title, or one more secure, can be given. That it is felt to be secure is practically proved by the fact that ryots without hesitation dig wells and effect other expensive improvements, satisfied, under the existing revenue rules, that their permanency of title is secure.

2. The difficulties which our ryots have had to meet have been confined to the high rates of assessment and to the evils consequent thereon. These, however, have been almost entirely removed, and with the introduction of lower assessments, the cultivators of this Presidency are now placed in such a position as to be without any legitimate subject of complaint, and to cause their earnest prayer to be that they may be left in the undisturbed enjoyment of their present privileges.

3. In the remarks made by Mr. Maitby as to the assessment being a final one, and in the wisdom of declaring the money rate a permanent one, I quite concur. I am satisfied that the assessment was intended by Sir T. Munro to be a final one. As such it has been adopted by Government.

No. 8.]

No. 1627, dated the 23rd April 1862.

From—J. B. PEILE, Esq., Acting Under-Secretary to the Government of Bombay,

To—W. GREY, Esq., Secretary to the Government of India.

* *Vide Paper No. 5.*

With reference to your communications, Nos.* 2036 and 6, dated respectively the 7th October and 2nd January last, I am directed to forward printed copies of the Minutes noted in the margin, containing opinions of the Members of this Government respecting the "question of a permanent settlement of the land tax in this Presidency."

Minute by His Excellency the Governor, dated 3rd March 1862.

Minute by the Honourable Mr. Reeves, dated 7th March 1862.

Minute by the Honourable Mr. Frere, dated 31st March 1862.

Annexure I to No. 8.

Minute, dated 3rd March 1862, by the HONOURABLE SIR GEO. RUSSELL CLERK, K.C.B., Governor of Bombay.

It is a maxim of the natives of this country, that the perfection of financial administration may be measured by the extent to which an equitable land tax is made to contribute to the support of the State, and that the excellency of a government may be estimated by the absence of direct and indirect taxation.

2. I have never doubted the truth of this opinion, seeing that the native feels that, in return for the payment which he makes to the State, he acquires the right to occupy or possess his land, and that in that right he receives an equivalent which his mind deprives his payment of the essential characteristic of a tax.

3. This financial system is one of the most ancient institutions of this country, and is founded on the right of the State to a share in the produce of the land, a right which is proved not only by the universality of the practice, but by the fact that exemption from the obligation to pay is regarded as a much-cherished privilege, which has either been forcibly acquired in olden times, or has been directly conferred by the State upon the possessor as a reward.

4. It is frequently the case that the title of the holders or occupants of the land to enjoy the usufruct of the soil has become more or less complete, and their rights of occupancy more or less permanent, according to usage and a variety of circumstances. But exemption from payment of a share of the produce is nowhere the rule, but the exception; and I consider it would be generally impolitic, by fixing permanently at their present money value the demands of the State on the land, to transgress a principle of finance so sound and correct as the one I have adverted to, because it is the tendency of prices and wages to increase, consequently the expenses of administration must increase. If, therefore, the income of Government from the land be stationary, or nearly so, which, by fixing the assessment permanently, must be the case, recourse must be had to increased taxation, both direct and indirect.

5. It will be perceived that in these observations I advert only to the fixity of settlement in respect to the money demand, and I desire it be understood that I do not advocate any variation in the just and moderate proportion of the gross produce on which the present assessments are based. But, as the prices of produce are yearly increasing, I see no infringement of the original conditions of the settlement, nor will it be so felt by the ryot, if, on the expiration of this experimental settlement, the Government land tax should be re-adjusted according to those increased prices, and to other circumstances, provided that no revision is made within such long period of time, or otherwise than on considerations of the most sound character, and upon well-established facts.

6. This a thirty years' settlement such as has been introduced into a considerable portion of this Presidency, and is in progress throughout the rest of it, fulfills. The moderation with which the assessment has been fixed has given the right of occupancy a high marketable value; and, under the settlement, in some districts, the prosperity of the people has increased in a marked degree. But I do not concur with the late Colonel Baird Smith that to intensify these results, which are similar to those described by him as having taken place under the settlement of the North-West Provinces, we should here have recourse to a permanent settlement of the land tax; and it appears to me that more is due to those other elements of our settlements which he enumerates, viz., "security of titles, moderation of assessment," and, above all, "the recognition and careful record of rights," than to the mere "protracted fixity of the public demand."

7. For in this Presidency it had long been sought to perfect a ryotwary system by acknowledging no others than the Government and the poor peasant, and imposing on the latter all the burdens that he could stagger under in support of the former. That system naturally proved detrimental to the lands and all their inhabitants, excepting here and there the usurer. The result was that which must infallibly ensue under any Government which itself lives from hand to mouth, keeps no surplus money for advances, and maintains no stores for use, when in hard times seed corn is needed. Constant remissions, and still further decline of villages, became the ordinary characteristics of provinces which had already undergone the harassing and depopulating effects of more than two centuries of wars and plunder. The authorities at length resolved on retrieving a position for agriculture. It would have been better, in my opinion, to have recognised some dormant tenures, and to have resuscitated others. But habit and the example set by predecessors, whose wars, recklessness, and oppression had, generally speaking, exterminated the more respectable classes of landholders, served to keep out of view this best element of the success which depends on the possession of capital, or of good credit. So they did the next best thing with a people who are not generally Mahomedan spendthrifts but industrious Hindoos. After a survey, they imposed a very moderate assessment. This is now in operation, and is to endure for a period of 30 years. It is obvious that this being the first attempt on this side of India, within the limits of British dominions, to apply to cultivation a method of extending and improving it, and to population an encouragement to immigrate and increase, it would be an utter disregard of the rights of the Government in land tax if the present settlement were to be viewed as the limit of our demand. All that is here wanted short of the reconstruction of such classes as zemindars and mherasdas, with their worth and influence, is to allow such a duration of settlement (and 30 years is not amiss for the purpose) as will combine the objects of increasing at a future period the moderate and just demands of the Government, while reconciling the ryot, for his own sake, to devote his industry and the utmost of his small means to the improvement of his long holding.

8. It is, in my opinion, another good reason for not settling our land tax permanently, that there can be no doubt in any unprejudiced mind that the lands are not yet held, generally speaking, as they might without difficulty be declared to be held, on a title still more highly esteemed and cherished. However well satisfied the ryot may be with the security of his right of his occupancy under the Revenue Survey Settlement, the term "Meeras" conveys to his mind a sense of ownership which no assurance that so long as he pays the Government revenue he will not be disturbed in the possession of his fields can give him. This was recently illustrated to me in a forcible manner by an intelligent Patelli, who, in answer to a question put to him, with the view of eliciting the estimation in which he relatively held his "Meeras" and "Ghatkoolle" land, replied—"The Meeras is mine; the Ghatkoolle is yours." And again, as was emphatically said in my hearing, on another occasion, by a Native District Deputy Collector, and at the same time by an experienced Mamludar—"They hold affectionately to Meeras ("Meeras ko bohot dil lugta").

9. With reference also to the possibility of having hereafter permanently to impose new taxes, I object to the proposal for abandoning the right of Government to the improved value which increased prices should give to the right of the State to a share of the produce of the fertile soil worked at small cost in money and labour, a right which has been reserved to it from ancient times, and which has, until recently, enabled it practically to exempt the people of this country from the burdens of taxation which press so heavily on the communities of Europe.

10. I shall lament to see a departure from this wise system; nor do I see the necessity of the proposed measure, for the agricultural classes are, on all hands, admitted to be improving, and to be becoming gradually possessed of some capital; and those works of irrigation which must mainly be the mainstay to protect them in seasons of drought can only be undertaken on an organised system, which no present permanent settlement would ensure being ever executed, but which it is the duty of the Government to undertake whenever it has available resources.

11. No legislative enctments have been found necessary in this Presidency to give effect to the 30 years' settlements now in operation, and none appears to be necessary.

Annexure II to No. 8.

Minute, dated 7th March 1862, by the HONOURABLE MR. REEVES, Member of the Bombay Council.

I concur in opinion with His Excellency the President that Colonel Baird Smith's proposal for a permanent settlement would, in the present state of this Presidency, be a glaring financial error.

2. There has always been a tendency to conclude that any measure considered good and applicable in Bengal and the North-West Provinces must be the same in Bombay. But here our rates have been pitched at the minimum for a period of 30 years, with the expressed intention of a revision, after consideration of prices, at the end of that term, when we are sure of a permanent increased revenue equal, or nearly equal, to what it was at first supposed the Income and License Taxes combined would yield in this Presidency. To sacrifice this particularly when it is considered that we have no scheme of taxation to replace it, and that we do not even yet know how to tax the mercantile and other non-agricultural classes equally and effectually—when we are anxiously looking about for money for roads and public works—is not to be thought of.

3. Without committing myself to the opinion that a permanent settlement will never be appropriate, I am perfectly satisfied that the time for such a settlement in this Presidency is so remote that it is a mere waste of time to consider it. We are emerging steadily and most satisfactorily from the evil effects of wars, famines, oppressive assessment, and corrupt management, which were everywhere manifest when we took possession of the country. In Guzerat, it is true, a revenue survey was not set on foot until the lapse of a considerable period. Captain Crichton and Captain Keys, however, were conducting it, to my personal knowledge, as early as in 1826. In the Deccan no time was lost in attempting the work of improvement, and Mr. Pringle commenced a revenue survey under Mr. Elphinstone's own directions; but after much money had been expended, it was found that operations in the Deccan had been left too much to native execution, and that the work of assessment (the measurements were generally good) was founded on the grossest bribery and corruption; a stop was, therefore, put to this survey, and the Guzerat proceedings ceased much about the same time. The present scheme of survey and assessment was matured by officers thoroughly acquainted with all former errors and mismanagement, and has been entirely successful in the imposition of an assessment extremely moderate and equal, and in giving to occupants a tenure as secure as they possibly can have. Government has declared that they have no claim to the soil so long as the assessment is paid. But it appears that one or two Collectors in the Deccan have lost sight of this provision, and failed to impress it on the minds of occupants. The meerasdar, equally with the ordinary occupant, is bound to pay the assessment, and his land is responsible in default equally with that of the ordinary occupant. The only difference between the two is, that the meerasdar has hitherto had the privilege of re-entry on land deserted by him for a period of thirty years, and even longer—a privilege generally and properly condemned as opposed to reason, and productive of the grossest injustice and oppression.

4. The Honorable Court of Directors combined with the Government of India and successive Governments of this Presidency in considering that this privilege was entirely wrong and ought to be put an end to by legislation. But Lord Elphinstone's Government, after very anxious and careful consideration, came to the conclusion that although the Civil Courts

See Mr. Secretary Ellis's letter No. 4120, dated 5th November 1859, to the Legislative Councillor of the Council of India for Bombay.

occasionally reinstated a meerasdar, the measures which had been adopted in connection with the revenue survey would gradually neutralise the injurious effects of the re-entry privilege, which

would die out without any violent interference, and it was therefore decided that legislation was unnecessary.

5. Act XIV of 1859, which limits all claims to 12 years, has most probably laid a salutary restriction on the claims of a meerasdar, and thus effected a most thorough coincidence between the tenures of meerasdar and ordinary occupant.

6. The solitary remnant left to the holder of meeras will be the name, but it ought to excite no surprise that, in the two Collectorates of Poona and Ahmednagar, meerasdars try to cry up and enhance the value of their own lands by crying down the lands of others held on exactly the same tenure. I am perfectly willing, however, to give ordinary occupants in the Deccan, Satara, and part of Sholapore, the only localities where meeras exist, the name or title if it can be shown satisfactorily, after full explanation to them of the rights we now enjoy, that they really desire it. Collectors and their Assistants should be directed to set forth to the occupants that the only distinction remaining is the name; and if they then require the name, it should be given them "gratis." In the Southern Maratha Country the cultivators are none of them meerasdars, though they are possessors as much as any holder of that denomination, and are in very much better circumstances.

7. I beg to refer to the three Minutes I have written on the subject of meeras and the effects of the revenue survey for a more detailed explanation of my views.

8. My opinion then is, that the occupants under survey rules have a tenure in no degree wanting in fixity and security; its sole liability is that of paying a moderate assessment, and it differs in no respect from that of a holder of an extensive leasehold property in England, or, in fact, from that of any person of any rank paying taxes in the United Kingdom.

9. The permanent settlement cannot possibly add anything to this security ; and legislation, by meddling with what has hitherto been considered as a matter of course, would do harm. No one doubts that when Government give a lease (not of land but of rates) for 30 years or 50 years the rates will not be changed. Occupants sell and mortgage their lands ; they would not do this if they doubted the word of Government, or the fixity of their tenure ; and officious interference with well-understood customs and maxims entirely unallied for would excite the wonderment of the people, and perhaps their distrust ; but it would certainly not tend to raise their opinion of the wisdom of the Legislature.

Annexure III to No. 8.

Minute, dated the 31st March 1862, by the HONOURABLE MR. W. E. REEVE, Member of the Bombay Council.

After carefully considering Colonel Baird Smith's report and these Minutes, I have nothing to add but my general concurrence with His Excellency the President and my honourable colleague Mr. Reeves.

2. I have already given my opinion upon the meerasee tenure, so need not reiterate my objections to its revival, except with the modifications proposed by Mr. Reeves ; my firm belief being that the ryots already possess all that is wholesome of the meerasee right if the Collectors and other Revenue officers only took the trouble to show it to them.

* *Vide annexure No. V.*

† *Vide annexure No. IV.*

3. I annex translation of a memorandum* by Ram Rao Bhimajee Dessayee of Dharwar which the Honourable Mr. Reeves left with me to record on this subject, the papers having passed him when he received the memorandum ; and I would point to the public works undertaken by the villagers in Dharwar (of which the Secretary will be good enough to annex† a list) as showing that, with the 30 years' guarantee of the revenue survey and the present low rates, the ryots have means of their own to lay out on improvement, and feel that they have sufficient hold of the land to lead them to embark in those improvements for the general good ; and as it is well known, even to the ryots themselves, that the lands which have been already surveyed will, on the expiration of the 30 years, bear an increased assessment of from 25 to 50 per cent., I am satisfied that a more permanent settlement than we now have is not required by the ryots, and would be a serious sacrifice by Government, even if it was introduced into those villages alone where the whole land had been taken up, and consequently where the profit or loss, which would be sustained, might be apparent ; but even then we must recollect that the bargain is all on one side ; for, if by any accident it should happen that prices were to fall and the assessment was found to be too high, Government would be obliged to reduce the rates, while, on the other hand, the ryot would reap the benefit of all unforeseen advantages.

Annexure IV to No. 8.

No. 1038, dated 16th May 1862.

From—A. D. ROBERTSON, Esq., Acting Chief Secretary to the Government of Bombay,
To—The Secretary to the Government of India.

I am directed to forward the accompanying copy of a statement showing the works of public utility constructed and executed in the Dharwar Collectorate during the year 1860-61,

Printed copy forwarded to the Government of either wholly or partially at the cost of private India with Mr. Acting Under Secretary Peile's individuals referred to in paragraph 3 of the letter No. 1627, dated 23rd April 1862.

† *Vide annexure No. III to Paper No. 8.* Honourable Mr. Frere's† minute on the subject of the redemption of land tax in this Presidency, dated the 31st March last.

2. A copy of the translation of Ram Rao Bhimajee's memorandum mentioned in the same paragraph of the Honourable Mr. Frere's Minute is also annexed.

Statement showing the works of public utility constructed or executed in the Dharwar Collectorate during the year 1860-61, whether wholly or partially at the cost of private individuals, and in the latter case, showing the extent of contribution from private sources.

DISTRICTS.	Places where constructed.	Description of the works.	COST OF EACH WORK AND PROPORTIONS OF COST DEFERRED BY GOVERNMENT AND PRIVATE INDIVIDUALS RESPECTIVELY.			Names of private individuals who bore either wholly or partially the cost of each work.
			Private contributions.	Government contributions.	Total cost during the year 1860-61.	
			R. a. p.	R. a. p.	R. a. p.	
DHARWAR TALUKKA	Dharwar to Gorur	Road repairs	237 1 2	520 0 0	460 15 7	Villagers of Gurrng.
	Marudchheo	Constructing chowree	139 0 0	70 0 0	87 14 1	Ditto Marudchheo.
	Near Gurrng	Repairs to road	332 0 0	67 0 0	380 15 10	Ditto Gurrng.
	Kolgherry	Ditto sinico	183 10 0	23 14 0	45 15 0	Ditto Kolgherry.
	Mangood	Ditto tank	68 8 0	68 8 0	82 14 8	Ditto Mangood.
	Beltigherry	Constructing chowree	71 12 0	75 0 0	145 12 0	Ditto Beltigherry.
	Nowloor	Repairs to tank	627 0 0	110 8 0	616 8 0	Ditto Nowloor.
	Karkope	Constructing chowree	114 0 0	...	111 0 0	Ditto Karkope.
	Dharwar	Repairs to Halgherry tank	4,735 12 0	3,810 0 0	2,687 4 7	Townpeople and Municipality of Dharwar.
	Ditto	Constructing cistern in Halgherry tank.	430 0 0	...	11 1 2	Ditto ditto ditto.

Statement showing the works of public utility constructed in the Dharwar Collectorate during the year 1860-61:
etc.—concluded.

Districts.	Places where constructed.	Description of the works.	Cost of each work and proportions of cost delayed by Government and private individuals respectively.			Names of private individuals who have either wholly or partially delayed the cost of each work.
			Private contributions.	Government contributions	Total cost during the year 1860-61.	
HOODLEE TALOOKA.	Pursapoor.	Repairs to tank.	10 0 0	133 16 0	160 8 0	Villagers of Pursapoor.
	Turru and Dhoondiseo.	Ditta road.	877 1 0	620 0 0	271 7 10	Ditta Turru Dhoondiseo.
	Gunjee Gultoo.	Ditta tank.	133 5 3	131 7 3	267 16 0	Ditta Gunjee Gultoo and neighbouring villages.
	Chilek Harkooonee.	Ditta ditto.	260 0 0	200 0 0	51 16 2	Ditta Chilek Harkooonee.
	Huroo Harkooonee.	Ditta ditto.	1,003 0 0	199 10 0	621 16 0	Ditta Huroo Harkooonee.
	Hullihal.	Constructing wall.	113 3 0	113 5 1	142 0 3	Ditta Hullihal.
	Mallikuttee.	Repairs to tank.	300 0 0	200 0 0	433 8 3	Ditta Mallikuttee.
	Bam Samodra.	Constructing chawroo.	75 4 0	41 7 0	86 3 2	Ditta Bam Samodra.
	Hinmonkape.	Ditta ditto.	73 0 0	70 0 0	56 7 7	Ditta Hinmonkape.
	Pursapoor.	Repairs to tank.	400 0 0	200 0 0	37 6 10	Ditta Pursapoor.
NOWL GOORN TALOOKA.	Hampapoore Indapoore.	Ditta ditto.	150 0 0	150 0 0	22 12 0	Ditta Hampapoore Indapoore.
	Karrywad.	Ditta ditto.	69 0 0	206 0 0	101 13 0	Ditta Karrywad.
DUMHAL TALOOKA.	Boodhal.	Constructing chawroo.	75 0 0	75 0 0	527 4 3	Ditta Boodhal.
	Ditta.	Ditta well.	271 4 0	200 0 0	271 4 3	Ditta ditta.
NOWL GOORN TALOOKA.	Tirlapoor.	Repairs to tank.	1,000 0 0	1,200 0 0	407 4 7	Ditta Tirlapoor.
	Pudasoor.	Constructing chawroo.	63 0 0	76 0 0	129 15 4	Ditta Pudasoor.
	Ebrampoor.	Repairs to tank.	633 0 0	...	2,600 0 0	Ditta Ebrampoor.
DUMHAL TALOOKA.	Dumhal.	Constructing well.	100 0 0	...	29 11 0	A spot of Dumhal by name "Ratapa."
	Koort Rottie.	Ditta ditto.	4,093 0 7	...	1,038 12 4	A spot of the village named "Ratapa."
HUNGAL TALOOKA.	Dumhal.	Repairs to tank (sluice).	181 7 6	...	180 12 2	Villagers of Dumhal.
	Hunnonhal.	Ditta chawroo.	160 0 1	...	61 0 0	Ditta Hunnonhal.
	Alakoty Hungal.	Repairs to tank.	400 5 2	322 12 0	170 3 1	Ditta Hungal.
	Dhurma River.	Constructing bridge.	4,152 0 4	617 6 8	161 0 4	Ditta Hungal and all the neighbourhood.
	Chaudhergharee.	Ditta well.	2 12 0	2 0 0 0	16 11 6	Villagers of Chaudhergharee.
	Kancheenegloor.	Ditta chawroo.	03 0 0	69 10 11	15 1 0	Ditta Kancheenegloor.
	Hooluite.	Repairs to tank.	600 0 0	200 0 0	272 7 6	Ditta Hooluite.
	Dhurma River.	Constructing canal.	3,425 7 7	1,811 8 6	1,761 0 3	Ditta on line of canal.
	Besgal.	Ditta ditto.	1,690 0 0	1,191 0 0	2,012 0 7	Ditta ditto.
	Konkenkope.	Repairs to tank.	341 0 0	200 0 0	422 4 2	Ditta of Konkenkope.
RAKEEDHOOR TALOOKA.	Mellebhulee.	Constructing well.	620 0 0	570 0 0	325 6 0	Ditta Mellebhulee.
	Gurshunkope.	Ditta chawroo.	61 12 0	30 10 4	129 11 11	Ditta Gurshunkope.
	Hunkunkully.	Ditta canal.	1,155 7 10	270 0 0	1,304 6 8	Ditta Hunkunkully.
	Doleshwur.	Ditta chawroo.	100 8 0	46 11 4	97 10 6	Ditta Doleshwur.
	Hungul.	Ditta well.	416 8 8	43 12 0	321 10 11	Ditta Hungul.
	Moodecoor.	Ditta chawroo.	160 4 0	67 4 0	85 16 3	Ditta Moodecoor.
	Goorenhullee.	Constructing chawroo.	07 4 10	67 4 0	112 6 4	Ditta Goorenhullee.
	Slogapoor.	Repairs to tank.	118 15 4	31 0 0	112 0 1	Ditta Slogapoor.
	Badumguttee.	Ditta.	200 0 0	100 0 0	24 0 1	Ditta Badumguttee.
	Kureegodree.	Ditta.	17 3 5	...	17 0 3	Ditta Kureegodree.
BUNHAPPOON TALOOKA.	Gootal.	Repairs to Hervekerce tank.	2,173 8 0	2,020 8 0	881 8 0	Ditta Gootal.
	Ascondeo.	Ditta tank.	1,030 0 0	518 1 0	70 6 0	Ditta Ascondeo.
	Hounuthio.	Ditta ditto.	3,354 0 0	3,350 0 0	2,003 7 0	Ditta Hounuthio.
	Goodgoopoor.	Ditta houd or reservoir.	517 0 0	200 0 0	213 3 8	Ditta Goodgoopoor.
	Beagdheee Reservoir.	Ditta ditto.	1,153 8 0	209 0 0	629 12 4	Ditta Beagdheee.
	Beagdheee.	Constructing chawroo.	207 4 0	75 0 0	173 15 4	Ditta ditto.
BUNHAPPOON TALOOKA.	Yettihullee.	Repairs to tank.	419 0 0	417 0 0	68 3 4	Yettihullee.
	Sarbadghee.	Ditta ditto.	2,000 0 0	3,109 0 0	2,907 0 7	Sarbadghee.
	Near Akuttry between Hoogloor and Tiggaoon.	Ditto road.	123 3 2	...	110 13 5	neighbouring villages.
	Gongaloor.	Ditta canal.	323 12 0	...	157 6 5	Gongaloor.
	Dewgherree.	Ditta hand or reservoir.	1,801 7 0	270 0 0	277 15 0	Dewgherree.
KODE TALOOKA.	Hawerec.	Ditta canal.	1,214 4 0	...	413 4 0	Ditta Hawerec.
	Sattihullee.	Ditta tank.	675 0 0	2,602 0 0	60 0 0	Ditta Sattihullee.
	Kuchwee.	Ditta Sooleckery tank.	375 4 7	171 11 6	211 11 0	Ditta Kuchwee.
	Bengherry.	Ditta tank.	200 14 10	...	200 14 10	Ditta Bengherry.
	Hawashbawli.	Constructing chawroo.	223 12 0	75 0 0	167 7 10	Ditta Hawashbawli.
	Hoossoor.	Repairs to Toombmollee tank.	200 0 0	200 0 0	74 15 10	Ditta Hoossoor.
	Alulgherry.	Ditta chawroo.	42 0 0	42 0 0	42 5 0	Ditta Alulgherry.
	Hullihal.	Ditta ditto.	73 14 5	60 0 0	18 3 0	Ditta Hullihal.
	Maavoor.	Constructing chawroo.	215 4 4	75 0 0	133 0 0	Ditta Maavoor.
	Hooluite.	Repairs to tank.	300 0 0	300 0 0	5 0 0	Ditta Hooluite.
KODE TALOOKA.	Tillowlee and Kaosoor.	Ditta coal.	1,592 7 0	603 0 0	467 7 7	Ditta Tillowlee, Kaosoor and others on the line.
	Luswee.	Ditta tank.	3,731 0 0	3,731 0 0	7,020 8 0	Villagers of Luswee.
	Massoor.	Ditta Copodkerree tank.	716 0 0	716 0 0	1,149 8 11	Ditta Massoor.
	Lilgapoor.	Ditta chawroo.	60 0 0	...	83 2 4	Ditta Lilgapoor.
	Gougayeecopo.	Ditta tank.	104 12 4	20 0 0	321 0 0	Ditta Gougayeecopo.
	Seedanar.	Ditta hand or reservoir.	410 0 0	...	415 2 10	Ditta Seedanar.
	Gondeahullee.	Ditta chawroo.	18 0 0	24 0 0	21 8 0	Ditta Gondeahullee.
	Chuppruhullee.	Ditta hand or reservoir.	60 0 0	60 0 0	57 0 0	Ditta Chuppruhullee.
	Kaadmoghee.	Ditta ditto.	200 0 0	100 0 0	271 0 0	Ditta Kaadmoghee.
	Koarbgaad.	Constructing chawroo.	123 0 0	200 0 0	120 5 7	Ditta Koarbgaad.
Municipal Expenditure.	Jokihullee.	Repairs to tank.	70 0 0	40 0 0	40 0 0	Ditta Jokihullee.
	Aguruttie.	Constructing chawroo.	75 3 0	60 0 0	53 12 0	Ditta Aguruttie.
	Chikkhusoor.	Repairs to chawroo.	14 0 0	...	11 0 0	Ditta Chikkhusoor.
	Kagnelly.	Ditta kalwa or canal.	273 10 0	350 0 0	820 3 0	Ditta Kagnelly.
	Kunvessidgherre.	Ditta hand or reservoir.	05 0 0	30 0 0	60 0 0	Ditta Kunvessidgherre.
	Shunkarbulleec.	Ditta ditto.	100 0 0	03 2 0	67 0 0	Ditta Shunkarbulleec.
Municipal Expenditure.	Seengapoe.	Constructing bridges.	17,700 0 0	13,500 0 0	20,601 0 0	Ditta all the neighbouring talookas.
	Nulowida.	Water supply, cleaning, etc.	...	...	1,205 0 1	Municipality of Dharwar.
	Hebsoor.	Ditta ditto.	...	...	1,656 0 0	Ditta Bettigherry.
	Malligur.	Ditta ditto.	...	...	8,015 2 3	Ditta Hulobilee.
	Tarn of Dharwar.	Water supply, cleaning, etc.	...	...	727 3 7	Ditta Gudug.
Municipal Expenditure.	Ditta Bettigherry.	Ditta ditto.	...	...	951 2 1	Ditta Rauechednoor.
	Ditta Hulobilee.	...	...	...	...
	Ditta Gudug.	...	...	...	...
	Ditta Rauechednoor.	...	...	...	...
	GUAUD TOTAL.	...	74,160 14 1	65,939 7 10	74,561 14 5	

NOTE.—Many of these works have appeared in former returns, and will again appear in future ones, more than one year being taken to complete them; but the third column correctly shows the expenditure during the year 1860-61.

A. D. ROBERTSON,
Acting Chief Secretary to Government.

Annexure V to No. 8.

Translation of a memorandum by RAM ROW BHIMAJEE DESSAYEE, late Akbarnavees of Kolapore.

The Honorable Mr. Reeves having requested me to submit my opinion relative to the circumstances and condition of the agricultural classes in the Deccan and the Southern Mahratta Country under the British Government, I beg to state as follows:—

1. My family holds the Dessaeegiree Wuttun of the Dharwar District; my ancestors conducted the duties of that office; and I myself did so for a considerable time, until I was appointed to the stipendiary situation of Akbarnavees at Kolapore on behalf of the British Government. The office of Dessayee is hereditary. They are generally called zemindars, or landowners. It was their duty to manage, on account of Government, the cultivation of the land and the collection of the revenue due thereon. Having personally conducted the duties of my hereditary office of Dessayee for a long time, and also had many opportunities of observing the revenue administration, as affecting the interests of the State, and the condition of the agriculturists, especially in the Collectorates of Dharwar and Belgaum, I am able to offer an opinion on these points with a degree of confidence which I should not otherwise have felt.

2. Before proceeding to describe the present circumstances of the ryots, it is necessary that I should say a few words respecting their condition prior to the introduction of the British Government. Under the Mahomedan and Maratha Governments, there were neither certainty of tenure, nor proper police arrangements for the protection of the rights of the agriculturists, blessings which have been brought to them by the British Government.

3. Under the former Governments, wealthy and adventurous persons by spending large sums of money, in the shape of douceurs to the influential functionaries at Court, and offering to Government a larger than the average amount of revenue, obtained mahal or districts in farm; they received full and absolute powers from Government, and were called "Sirsoohas." The sirsoohas or farmers sublet portions of their farms to those persons who offered the largest amount of revenue, and delegated their own powers to them. The natural effect of this farming system was that those who offered the largest amount of rental obtained lands to the prejudice of the actual occupants. In addition to the stipulated amount of revenue, the ryots were frequently called upon to pay extra cesses for defraying the expenses of the tour of the Sovereign, who, in the first instance, collected the amount from the sirsoobas, and authorised them to reimburse themselves by laying the ryots under contribution to a proportionate extent—an authority which was not unfrequently abused. Thus the sirsoobadas or farmers, the mamlatdars or sub-farmers, and the zemindars, who farmed portions of districts from them, consulted their own interests, by the collection of extra cesses from the ryots, without any regard to their ability or otherwise to bear those contributions. The ryots were also subjected to a great variety of other annoyances, such as impressment for gratuitous labour, by which they were compelled to desert their homes and lands, and seek refuge in the estates of petty chiefs, jahageerdars, etc., where they had the prospect of an immunity from these vexations. They were, therefore, unable to bring the whole of their lands under the plough; those lands which they did cultivate did not yield them a fair return from not having been prepared at the proper season or from not having been sufficiently manured, or from some other similar causes; and the consequence was that the ryots were continually subjected to losses more or less. Many persons were driven by this state of things, and the hopelessness of obtaining redress from the Sovereign, to the commission of murder, robbery, cattle-lifting, arson, and other atrocious acts. Such was the anarchy and the consequent misery of the ryots under the former Government. Volumes might be written in illustration of these subjects; but I refrain from enlarging upon them, lest I should be led into prolixity, and render this memorandum perhaps more discursive and rambling than its interest is worth.

4. Owing to this disorder and uncertainty of the tenure of the farms held by the sirsoobas themselves, they neglected no opportunity of filling their coffers by taxing the ryots to the utmost extent of their means. In short, to be rich was almost tantamount to be guilty under the former régime.

5. With the introduction of the British Government, came certainty of tenure, protection of rights, and security of person and property. Since that happy epoch the condition of the agriculturists has been gradually ameliorated, and in no few instances rendered opulent. To narrate *in extenso* the measures by which this state of things has been brought about, and to follow the progress of advancement in all its stages, would swell this document to a tedious length, and, indeed, time does not admit of my entering into a detailed discussion of the subject. I shall therefore confine myself to a few general observations, which may suffice for the deduction of practical conclusions.

6. By virtue of my hereditary office of Dessayee, I personally conducted the affairs of the village of Nowher near Dharwar, yielding a large revenue to Government. Towards the downfall of the Peishwa not more than one-fourth of the arable land, belonging to this village, was under the plough, the remaining three-fourths having lain waste for a long series of years.

7. Shortly after the accession of the British Government,—that is to say, in the year 1822-23,—Mr. Thackeray, the Principal Collector of Dharwar, which in those days included the present Zillah of Belgaum, turned his attention to the improvement of the country committed to his charge; he went round the whole district, equalised and reduced the rates of revenue, constructed tanks and wells where a supply of water was wanting for agricultural and other purposes, repairing those which existed, but had long fallen into a state of disrepair and dilapidation; and granting "tuccavoe" (advances) to the ryots on a liberal scale, in proportion to their ascertained means and resources, to be repaid without interest.

by annual instalments. The improvement of the village of Nowloor was entrusted to me. The tank which had long been out of order was repaired, and the whole of the land under it was brought under the plough by the resident ryots, and the agriculturists of the neighbouring villages; and the land which had formerly presented to view an arid unenlivened prospect was now changed into a most beautiful sheet of verdure, as far as the eye could range; in fact it was a garden. The dry cropped land having been offered at a uniform rate of 4 rupees per "mar" (equal to about 25 acres), on long leases, septennial and decennial, the ryots took it up with avidity; they raised jowmro or holour sorghum, wheat, gram, linseed, cotton, tobacco, and other remunerative crops; and in the course of time they attained a comparative state of opulence. These measures of improvement were introduced with similar beneficial results throughout the districts of Dharwar and Belgaum.

8. The consummation of this amelioration was effected by that able and considerate officer, Captain Wingate, who introduced the revenue survey and an assessment founded on a classification of the soils according to their capabilities. The low rates of this assessment enabled the ryots to extend their agricultural operations, and by the large outturns which they were enabled to reserve to themselves after paying the rental due to Government, they have gradually enriched themselves; they invested their surplus profits in the enlargement of their herds of cattle which materially added to their prosperity by enabling to sell milk, butter, ghee, and curds; they have raised exportable crops to a large extent and enlarged their capital. When disengaged from their avocation of husbandry, they resort to the desert, for the purpose of felling timber, in which they deal largely and with great advantage; they likewise obtain considerable incomes from their carts which they let on hire. The agriculturists of the present day are not what they were half a century ago, poverty-stricken, oppressed, and wretched; they are wealthy and happy, have large quantities of precious metals in the shape of ornaments about the persons of their females; they are dressed in costly clothes,—in short, nothing could be more desirable than their condition, and peace and plenty pervade them.

9. Under the former Government there were no fixed instalments for the collection of revenues; where they did exist they were ill-adapted to local circumstances, for commencing, as they did, early, often before the harvest could be gathered and sold, they obliged the ryots to resort to the usurous money-lenders, for the purpose of raising loans wherewithal to satisfy the Government demand, by hypothecating the produce of their crops, and often selling it to arrive at maturity, at rates far below what they would have got in the market. In fine, it is not too much to say that the ryots in those days were in a continued state of thraldom, and many were then mere serfs of the money-lenders. But, now, the first instalment of the revenue collections falls due after nearly half the produce has been gathered and housed, so that the ryots are enabled to sell their harvest at the market prices, and meet the demands of Government from their own resources. This is no inconsiderable of the present prosperity of the agricultural classes.

10. The certainty of tenure guaranteed by the revenue survey has established a feeling of confidence in the minds of the ryots; while the discontinuance of the impressment for unremunerated labour, the abolition of "mohturin" or tax on houses, and of a variety of town and transit duties, and the restraints upon the arbitrary use of power and influence by the zemindar, evils which in former times told severely upon their means, have enabled them to convert their old low huts into large, decent-looking, commodious houses. Added to this, the introduction of the Municipal Act has greatly improved the appearance of the villages and towns, and generally the whole face of the country has altogether changed.

11. Thus has the British Government brought almost every available acre of land under the plough by great and continued exertions, and at a vast outlay or sacrifice of money, not less for the permanent furtherance of its own interests than for the promotion of the prosperity of the people. Government has now passed a Resolution for selling the land (both cultivated and waste), which in fact forms its main resource; but as a measure has been resolved upon after great deliberation, and doubtless at the advice of highly talented and experienced officers, I feel considerably disengaged in offering an opinion in opposition to theirs. But, to my humble judgment, the measure is as highly impolitic as it will hereafter be found to be injurious to the people themselves. In India, unlike other countries, the proprietary right in the soil has from time out of mind been vested in the Sovereign; it forms the principal and it may safely be said only resource at once of both the Government and the people. To enable them to purchase the land by the redemption of the land tax by the payment of 20 years' rental, the ryots will generally be obliged to borrow money at high rates of interest, so that their proprietary right will be only nominal; they will be mere serfs, as in days of yore, and the real masters will be the money-lenders from whose grasp it will be long, if ever, before they can extricate themselves. By selling its proprietary right in the soil Government will also forego the prospective increase of revenue to which it may safely look forward by the introduction of higher rates of assessment, after the lapse of the thirty years guaranteed by the Revenue Survey Settlement. If the present state of matters is left intact, undisturbed, the ryots, at the close of the thirty years' leases, will be in a position to bear higher rate of land tax; and, if a permanency will then be guaranteed to them similar to the existing Revenue Survey Settlement, they will be all the happier.

12. The introduction of the revenue survey has likewise benefited the Desayees, Deshpandays, Nadgowdas, Patells, Kolkurnees, and other hereditary officers holding Jodee Naam villages and lands, inasmuch as in the Jodee or quit-rent due on their holdings has also been reduced in common with the Government lands.

13. During the disturbances which broke out, in 1857-58 Brigadier-General LeGrand Jacob, then Political Commissioner in the Southern Mahratta Country and Kolapore, called for my written opinion as to the causes which might have led to the rebellion when all the people were happy under the administration of the British Government, and I submitted a memorandum showing in detail, to the best of my humble ability and information, the respects in which the Princes, Chiefs, Jageerdars, Inamdaras, cultivators, and others of the Deccan and the Southern Mahratta Country, were happy as well as those in which they had anything to complain of. In that paper I showed that the ryots cultivating Government lands were happy; that they had no share in the revolt, and that they were loyal and wished the British Government prosperity. I still see no reason to alter the opinion which I then expressed, and I am perfectly convinced that no body of the subjects of Her Majesty is happier than are the agriculturists.

14. As I have but little time to consider the important subject embraced by this memorandum, I crave indulgence for any shortcomings it may betray.

No. 9.]

No. 339, dated Lahore, the 25th April 1862.

From—The Secretary to the Government of the Punjab and its Dependencies,

To—E. C. BAYLEY, Esq., Secretary to the Government of India.

I am now directed, with reference to your communication No. 1474,* dated 20th March last, to convey, for the information of the Supreme Government, the opinion of the Lieutenant-Governor as to the expediency of fixing, in perpetuity, the land tax in the Punjab.

2. Appended are the letters* which have been received on this subject from selected officers.

3. It may be noted that the contrast which has been depicted by Colonel Baird Smith between the state of the North-West Provinces before and after the settlement under Regulation IX of 1833 has never been visible in the Punjab. The experience which had elsewhere been accumulated led to the early introduction into the Punjab of a settlement in conformity with that regulation, and except the Trans-Indus districts, there is none now in which a Record of Rights has not been completed, or nearly completed, and assessments, based on detailed measurements and statistics, fixed. The same confusion having never prevailed, we cannot expect to witness the same restoration simply from extending the duration of the settlement.

4. The remark made by Colonel Baird Smith, with special advertence to the Punjab settlements, is also perfectly correct, "that it would be premature to regard them otherwise at present than as in a state of transition and progressive adjustment."

5. Moreover, it may be observed that the course of assessment in the Punjab has been the opposite of that in the North-West Provinces. For, from various causes, frequent reductions of the revenue fixed at the time of the settlement, instead of an increasing demand, have been sanctioned.

6. But, besides these differences in the current of revenue affairs in the Punjab, there are some physical distinctions of importance. The Punjab is not half cultivated; there are immense waste tracts almost unpopulated; the communications are incomplete; and the resources generally but partially developed. Hence, even admitting that it were wise to abandon the prospective right of Government to a share of the increased rent in a province which had attained to an average degree of agricultural advancement, it might still be prudent to maintain it in one which remained in a backward stage.

7. It will be gathered, therefore, that the Lieutenant-Governor is opposed to making the existing settlement in the Punjab perpetual.

8. It may next be considered if there are any tracts to which such a settlement may advantageously be conceded. There are undoubtedly several districts which have arrived at a fair state of agricultural improvement; but, except in the divisions of Delhi and Hissar, transferred from the North-West Provinces, our experience has not been long enough to show, first, whether the assessment fixed is, as a whole, really moderate; and, secondly, whether its distribution in detail is really equitable. We know that the price of grain is subject, from the uncertainty of the seasons, to extraordinary fluctuations, which, continuing in their effects for several years, materially affect the character of the land revenue demand, and the ability of the agriculturists to satisfy it. Until we have passed through a large cycle, it is impossible to pronounce with any confidence that the demand is perfectly moderate. Up to this time our procedure has been tentative. We found the land revenue after a series of dear years at a very high figure. We reduced it largely, and, to the best of our judgment, sufficiently. In many places time evinced the necessity for still further reductions, which have been invariably granted. If the original assessment had been fixed in perpetuity; if it had been assumed that the first demand had been infallibly fixed; that the agriculturist must take the consequences of his engagement; then the quantity of land sold for arrears of revenue would have been very extensive, and the political effect much to be lamented. Happily a different policy prevailed. Errors of assessment were recognised and admitted, and the assessment decreased. In this way much of the disorganisation recorded in the annals of the North-West Provinces has been averted. But the Lieutenant-Governor thinks that even now our experience is not sufficient to enable us to declare the assessment, even in flourishing tracts, to be so unquestionably moderate as to be declared perpetual.

*Reminder to
No. 2034, dated 7th
October 1861.
(Vide Paper No. 4.)
*Not printed.

9. Still less can the equability of the distribution be finally affirmed. Passing as the country did from Native to English rule, many causes of inequality existed at the time of the first settlement, besides such as may be traced to error or ignorance. Many villages were in temporary distress, and depressed below the average of cultivation; others, in temporary prosperity, may have been too highly assessed. These inequalities would probably be rendered more marked by the continuance of the settlement, at the end of which they would be corrected, but which, if made permanent, would perpetuate them.

10. One standing cause of inequality has been, it will be observed, prominently mentioned by Mr. McLeod, the Financial Commissioner. In a striking passage in Colonel Baird Smith's report are described "those unseen reservoirs formed by the broad expanses of water bearing strata" which rank with the greatest rivers in their influence, and the irrigation from which is both vastly more extensive and more fertilising than that from canals. The multiplication of wells is a sure sign in the Punjab of the expenditure of private capital on the land, and of an advancing agriculture. The Asiatic theory of land revenue is, that the Government is entitled to a certain share of the gross produce. This was frequently commuted to a money demand under the Sikh administration, and our own revenue assessment was partly founded on this commutation. The theory of our assessment is that it is a tax on the rent of land. But inasmuch as in many cases a large portion of the produce is reared by the aid of irrigation from wells, and those wells are sometimes constructed and always worked at private expense, our tax is in reality often a tax on capital. And in calculating the demand, well-irrigated land is always rated higher and often at double the rate on unirrigated land. No alternative is left to the people but to follow the same practice: they have been accustomed to the hardship from time immemorial, and in the Punjab at least, there is also this to be said, that the great majority of the wells were found ready built by the immigrant forefathers of the present occupiers of the soil. Nevertheless, carefully scrutinised, the extra assessment put upon well-irrigated land must tend directly to prevent capital being invested in land, and consequently to keep the agriculturists in a state of poverty, without incentive to the best improvement of their holdings, and incapable of bearing up under periodical drought. If so, the policy of imposing this extra assessment may well be questioned.

11. So long as the additional revenue accrued to Government, the inequality of taxation involved and its obstructive consequences might, in the absence of all complaint on the part of the people, pass unnoticed; but now, when it is proposed, with the view of developing the wealth of the country, to limit the land tax for ever, it would certainly appear to be worthy of consideration whether the adjustment of the liabilities of lands irrigated from wells ought not first to be made.

12. For otherwise we may be placed in this predicament. We declare the present assessment perpetual. In due course large tracts now uncultivated will be reclaimed and wells will be sunk in them. Such irrigated lands will then be exempt from land tax. But in those tracts which have long been cultivated well-lands will continue to pay their present high assessment. The contrast will be glaring. For a long time to come the irrigated lands of our richest districts would be depreciated as valuable property and an undue stimulus would be given to the transfer of the labour and capital employed upon them to tracts now sterile and unoccupied. Or the disparity may be seen on a smaller scale and the founders of wells before and after the perpetual settlement having lands in juxtaposition may be found paying at rates quite unequal and in their opinion unjust.

13. In a country completely cultivated it might be financially impossible to forego the revenue fixed upon well-irrigated lands. But provided that it is once admitted that it is politically expedient that a limit be placed for ever to the revenue derivable from the land, there are in the state of the Punjab evident facilities for remitting the claim of Government to share in profit accruing from well-irrigation. The vast extent of uncultivated lands affords an immediate outlet to agricultural industry. No more congenial incentive to enterprise could be held out than the remission of the demand on account of irrigation. And the increase of the land revenue at unirrigated rates would suffice, as Mr. McLeod has proposed, gradually to extinguish the revenue assessed upon wells without loss to the State.

14. The Government would then give to the owners of wells the same advantages which it secures to itself when constructing canals, namely, the whole profits of capital expended. Such liberality would speedily reap its due reward in an improved and spreading agriculture and in an increasing population.

15. It might also in many localities be relieved from the duty now frequently forced upon it, of constructing costly works of irrigation which are confessedly less efficacious than the scanty but better husbanded water from wells.

16. On a view of the whole subject as it affects the Punjab, the Lieutenant-Governor considers that if it be prudent in a country like the Punjab, which is still in a backward stage of cultivation, which cannot be said to pay its entire military expenses, and the civil institutions of which are not adapted to the most advanced state of society, to declare the land tax liable to no future increase, still the existing and prospective inequalities of distribution are so many and great as to render its perpetuation very unadvisable.

17. With advertence to the concluding clause of the third paragraph of your letter under reply, I am to state that the Lieutenant-Governor is of opinion that the concession of a legislative sanction to the current settlements would have no practical effect, as the people have been accustomed to regard the acts of the executive as conclusive, and experience has shown that there is no danger of the imposition of demands not provided for under the settlement agreement.

Annexure I to No. 9.

No. 4, dated the 4th January 1862.

From—DONALD MCLEOD, Esquire, Financial Commissioner, Punjab,
To—The Secretary to the Government of the Punjab.

I have the honour to acknowledge the receipt of your letter No. 1918; dated 7th ultimo,

with its enclosures, noted in the margin, calling

**Vide Paper No. 1.* Printed copy of Section 11 of Colonel Baird's Report* on the late famine.

Extract of letter from Government of India, No. 2034, dated 7th October 1861. †

for my opinion as to the expediency of introducing a permanent settlement into this Province with reference more especially to paragraphs 62 to 82 of Colonel Baird Smith's Report.

2. I may state at the outset that I consider the great bulk of the Punjab to be at present essentially in what Colonel Smith terms 'a transition state' as regards assessment, and therefore unfitted for any such experiment. Apart from this, however, I am opposed to the measure on abstract grounds, though in tracts where estates generally are fully cultivated, or where the amount of waste existing has been reserved, not in consequence of want of cultivators, but to suit the convenience of the community; there I am entirely in favour of an assurance being given that there shall be no future enhancement.

3. Where there exists an undue extent of waste land, I am wholly opposed to perpetuating existing assessments,—

1st. Because to do so would be in contravention of what I believe to be a primary duty of all Governments in respect to taxation, *viz.*, to equalise its pressure as much as possible, laying the heaviest burden on those most able to bear it.

2nd. Because we should be thus circumscribing the resources of those who come after us, to an extent which can be justified only by adducing the most indisputable and sufficient grounds for such a measure.

3rd. Because I believe it to be wholly unnecessary for securing all the progressive improvement, and breaking up of waste, which can be attained without prejudice to the interests of those who deserve most consideration at our hands.

4. That such a measure must ultimately beget great inequality of assessment is inevitable, and it appears to me equally certain that the effect of this must be exceedingly injurious. Every settlement officer of experience will admit that inequality of assessment is an evil only second to over-assessment; and when this inequality is rendered permanent, the evil must be aggravated. Those who may be said heretofore to have borne the burden and heat of the day, who have brought their lands into a high state of cultivation, and have created the means of irrigation, drainage or other fructifying processes, will find themselves permanently taxed at a much higher rate than their less industrious neighbours, who have kept a large portion of their lands waste or unimproved, and it is not to be conceived that they should not, under these circumstances, consider themselves, and be considered by the community, to have been hardly dealt with.

5. It is unnecessary to dwell upon the necessity of adducing very sufficient arguments to justify the Legislature in imposing limits on the action of all future Governments in the matter of taxation; very strong arguments may, I think, be adduced why a larger amount of revenue than at present should not in future be derived from a land tax, but the perpetuation of existing inequalities is a very different question, and, in my opinion, those arguments by no means suffice to justify the measure in this shape.

6. I have remarked above that I consider such a measure unnecessary for securing the object in view, that of promoting agriculture and reclaiming of wastes. The several causes to which Colonel Smith has very justly attributed the progressive improvement in some parts of the North-West Provinces are "protracted fixity of the public demand, the security of titles, the general moderation of assessment, the recognition and careful record-of-rights, and the reasonably equitable distribution of the burden of land taxation" (*vide* paragraph 62); and of these I regard moderation of assessment and equality of distribution to be so much the most important, that I am convinced cultivation would rapidly extend under their operation, though assessments were constantly revised; and but little regard paid to the recording of rights, as indeed we find to be the case under well-ordered Native Governments.

7. I have further expressed above the opinion, which I entertain very strongly, that to give an undue or artificial stimulus to the breaking up of waste lands must act with an immediately injurious effect on cultivated lands adjoining. This is keenly felt in parts of the Punjab in which the existing population and agricultural capital are insufficient to bring the entire area under the plough, and must be felt in like manner in all the tracts similarly circumstanced, in which, by leasing new or deserted wells on plots of uncultivated lands, on exceptionally favourable terms, a fictitious stimulus is given to the breaking up of waste.

8. It is true there are parts of India which might, with advantage, contribute a portion of their surplus population to supply the deficiencies of other parts which are under-populated; but even to secure this object, I do not think that exceptional action on the part of Government is desirable, unless for the attainment of some special administrative object, such as that of locating our discharged soldiery, as now in progress in Caneish.

9. I believe that the day is approaching when the strong convictions which led to the abolition of the Coree Laws will lead to the abolition likewise, amongst enlightened races everywhere, of all exceptional legislation whatever in the matter of taxation. The evils which it begets I believe to be much greater than those which it can possibly remedy, and I consider the only safe principle of progress to be to allow the action of self-interest to proceed unfettered;

Government scrupulously refraining from affording to one section of the community greater advantages than to another.

10. The above are all the remarks which I wish to offer in connection with tracts possessing waste land in excess. As regards tracts fully cultivated I have expressed (in paragraph 2) the opinion that it will be well for Government to give an assurance that the assessment shall not hereafter be enhanced, and (in paragraph 5) I have admitted that the renunciation by Government of all future increase of income, in the aggregate, derived from land, may be advisable; but I have refrained from advocating perpetuity of the demand at present from any lands whatever.

11. My reason for this is that, in my opinion, all fully cultivated lands, almost without exception, pay in India a higher rate of revenue than is justly demandable from them, owing to the principle of assessment heretofore recognised and acted upon throughout the East, which I believe to be fundamentally erroneous; and I consider, therefore, that this demand should nowhere be irrevocably fixed, until whatever is in excess has been remitted, and our past error corrected.

12. The principle to which I refer, and which I believe to be still adhered to by us in all parts of India where the demand is not permanently fixed, is this: that Government is entitled to a certain proportion of all that is produced from the soil; and hence our land tax, instead of being, as is often urged by its defenders, a tax upon rent proper only, includes a tax on capital, and thus becomes virtually a tax upon raw produce, a description of tax which, I believe, all political economists are now agreed in condemning. It is owing to this view of the matter that all Governments in the East have, from time immemorial, levied a heavier assessment on irrigated land than upon unirrigated; upon improved lands, than on unimproved ones; although this irrigation or improvement may have been effected, not by outlay from the public treasury, but by expenditure of the capital, skill and labour of the occupants of the land; and this principle, inherited from the rude Governments which have preceded us, and acted upon, in imitation of those Governments, by the people themselves when distributing the Government demand, we have continued to follow up to the present time.

13. That the owner of land should, at the close of a lease, appropriate the advantages prospectively accruing from the outlay of his tenant is no doubt admissible. It is the result of mutual agreement; and must, in fact, in the long run, be unavoidable. But that Government should thus usurp the privilege of the proprietor, I believe to be indefensible on any just theory of taxation. It is to this that all the difficulty and derangement so largely dwelt on by Colonel Baird Smith, as resulting from the opening of canals, is attributable; and I am quite convinced that the adoption of this principle has done more to check the improvement of land and the advancement of agriculture in India than any other cause whatever.

14. I think, therefore, that it is one from which our Government ought to recede as soon as may be practicable, and the most legitimate mode, it seems to me, by which this may be effected, is by appropriating to this purpose all enhancement of land revenue derived from other sources. Let Government determine that all future additions to its land revenue accruing from increase of cultivation shall be progressively surrendered, and applied, in such a manner as may be agreed on, to the gradual reduction and ultimate remission of irrigated rates on well-lands, or other enhancement of demand attained by private outlay or application of skill, and I entertain no sort of doubt that it would thus afford a much greater as well as a more legitimate stimulus to agricultural progress than can ever be secured by simply fixing for ever its demand, without regard to the mode in which that demand is distributed.

15. Colonel Smith admits, in the second clause of paragraph 20, that to fix the demand permanently, where there is any ground to apprehend it may prove oppressive, would be very inexpedient; and in the first clause of paragraph 167, in like manner, he urges that this measure be adopted "only where there is reason to be confident that these settlements are fair and equitable." What I have urged above is but an enlargement of this view, to meet what I consider to be a master evil in our present land-revenue administration; and I trust it will not be gathered from anything which I have said in the foregoing paragraphs, that I do not fully appreciate the value, and admit the expediency, of our fixing the demand, so soon as we can satisfy ourselves that that demand is really just.

16. The Supreme Government have further enquired whether it would be expedient to give the impress of legislative sanction to our existing temporary settlements. I regard it as quite immaterial whether this sanction be given or not. The people have the most implicit confidence in the good faith of the local Government and its officers, and entertain no fears whatever that the engagements entered into with them at the commencement of the settlement will not be rigidly adhered to up to its close. So that I do not think their confidence could be increased, or any useful object gained, by the addition of any legislative sanction.

No. 10.]

No. 578A, dated the 27th May 1862.

From—SIR GEORGE COUPER, Bart., C.B., Secretary to the Government of the North-Western Provinces,

To—E. C. BATLEY, Esq., Secretary to the Government of India.

Paper No. 3.
Annexures
to III.

With reference to your predecessor's letter No. 2033,* dated the 7th of October 1861, I am directed to forward to you, for the consideration of His Excellency the Viceroy and Governor-General in Council, the accompanying copies of Minutes† recorded by His Honour the Lieutenant-Governor and the Senior and Junior Members of the Sudder Board of Revenue in these Provinces, on the expediency of forming a permanent settlement of the North-Western Provinces.

Annexure I to No. 10.

Dated the 5th December 1861.

Minute by W. Muir, Esq., Senior Member of the Sudder Board of Revenue, on the expediency of forming a permanent settlement of the North-Western Provinces.

In discussing this question, it seems expedient at the outset to clear away a misapprehension which I have found frequently to exist. It has been urged that a perpetual settlement is needed in order to give a permanent proprietary tenure. This, however, is not the case. Perpetuity of proprietary tenure is not only quite compatible with an assessment liable to revision, but it actually does exist in as full and perfect a form throughout these Provinces as it would have done had the settlement from the first been permanent. The title by which proprietors hold land in Benares or Jounpore, under a permanent assessment, is in no wise better, *as regards perpetual fixity*, than it is in Azimghur or any other temporarily-settled district. In respect of the limitation of the Government demand, the right may be more valuable in the former than in the latter, but in respect of permanency of title there is absolutely no difference in value whatever.

* "In Bengal, Behar, and Orissa, the permanent settlement effected a great revolution in the state of landed property. It very extensively deprived the village communities and inferior holders of their rights, and created new and absolute rights of property in behalf of persons who had previously possessed only limited interest in the produce of the land."—*Directions to Collectors*, paragraph 91.

"The early settlements in these Provinces were made very much as those in Bengal, without minute enquiry into the extent or capabilities of the several estates, or into the nature of the rights possessed by the persons with whom the settlements were made. Since then, under the provisions of Regulation VII of 1822 and IX of 1833, a minute enquiry has been made into every circumstance connected with landed property; and a complete record has been compiled of every fact, so far as it could be ascertained";—*Idem*, paragraph 152.

3. The errors committed in Bengal were, however, by no means errors necessarily inherent in a perpetual settlement of the land revenue. The revenue demand might have been declared perpetual, without making the Government

perpetual, without making the Government
† "There are evidently two distinct operations in the formation of a settlement. The one is fiscal, the determination of the Government demand; the other is judicial, the formation of the record-of-rights. Ordinarily, the two operations are performed at the same time, and there are many reasons which render such an arrangement very desirable. But if from any cause the judicial part was omitted when the fiscal was performed, there is no reason why the former should not be subsequently carried into execution, without disturbing what had been previously done towards the latter."—*Directors to Settlement Officers*, paragraph 2.

4. It is clear, then, that, in these Provinces, as the rights of property have been carefully ascertained and recorded, the title thus secured is quite as fixed and permanent as any title in Bengal, with the additional advantage of being the rightful title,—that is to say, a title in close accordance with prescriptive possession.

5. Whatever benefits, therefore, a permanent settlement may bring with it, security and perpetuity of title must be left out of account; and it does not appear in what respect "the tenure of land" in these Provinces could be improved by any fresh "legislative sanction," as appears to be contemplated by the Government of India † in the case of such districts as may be continued under temporary settlement.

6. I proceed, then, to consider the question of a permanent settlement on its own merits.

7. As the advantages of such a settlement have been very forcibly stated by the late Colonel Baird Smith, C.B., so the disadvantages have been ably argued by Mr. Keene, in a pamphlet which I have just received from him, and which I place with this Minute.

8. Disadvantages of a permanent settlement.—They may be reduced to the following:—

First.—The Government shuts itself out for ever from its legitimate share in the profits arising from the extended cultivation and increased productiveness of the soil.

Secondly.—It divests itself of the ability of re-adjusting its revenue according to the altered value which in the progress of time different localities often assume towards one another, or to the altered prices which, in the lapse of ages, may affect the produce of the whole country.

9. There is no question but that the stimulus to agriculture imparted by the protection of

2. The grand distinction between the state of property as such, in these Provinces and in Bengal, is that, in the latter, the persons with whom Government entered into engagements at the permanent settlement were recognised as absolutely and exclusively the proprietors, although they were very often in reality only sharers or part proprietors in their estates*.

In these Provinces the errors in the recognition of proprietorship that were committed in the early settlements have been held liable to amendment; and subsequent detailed investigations, under judicial powers conferred for the purpose, have ascertained and fixed the proprietary right in those individuals who, by the prescriptive exercise of proprietary functions, were entitled to be so recorded.

our Government and the security of long settlements would, even under the present system of periodical assessments, cause in the next thirty years increase of revenue from extension of agricultural reversioned.

Increase of revenue from extension of agricultural reversioned.
example of Gorakhpore in point. The incentive to exertion produced by a fixed assessment for thirty years has been so strong as to secure a prodigious reclamation of waste land, so large indeed, even at the lower standard of present assessment, that in that single district an increase of some eight lakhs of rupees, or about forty per cent., on the former demand is expected under the settlement now in progress. The Government, as part landlord, is entitled to its share in this increase. Property in the temporarily-settled districts exists (it is argued) with this as an essential condition of its existence. To confer the exclusive advantages to be derived from its share in the increased assets on any set of proprietors, is simply to enhance the value of their property by alienating a profitable right of Government, without any equivalent, and at the expense of the other portions of the community, on whom will fall the burden of making good the prospective loss thus created.

10. The same argument applies with still greater force, as has been shown by Colonel Baird Smith, to those tracts of country where the works. Especially in case of Government irrigation increase of the cultivated area, and of the value of the produce, is the effect of Government works of irrigation. Here the increase is the result of expenditure of capital, not by the proprietor, but by the Government, or in other words by the community at large; and the Government title to share in the increased profits is thus doubly stronger than in the case before supposed.

11. Further, in the lapse of time vicissitudes take place. One portion of the country under the influence of new lines and facilities of traffic becomes prosperous, another by the deserta-

tion of old routes and modes of communication sinks in the national scale. The latter cannot now bear the revenue demand, which it formerly dis-

Power given up of re-adjusting the revenue to fluctuations of agricultural condition. charged with ease; the former has a surplus of profit greatly disproportionate to the standard at which its settlement was framed. The adaptive character of our present system enables us here to balance periodically the burdens of the State. Those who have prospered through the force of circumstances are assessed (according to the known and essential conditions of their tenure) at a moderate proportion of their increased profits, and from the same source the Government is enabled to remit a suitable proportion of the heavy assessments which may be bearing down the less fortunate tracts. Where the assessment is perpetually fixed, it will be impossible to afford the relief which such vicissitudes render imperative without a clear loss to the Government. Instead of periodical equalisation of uneven assessment, there will be the hazard of remissions being required with no fund of equivalent increase from which to meet them.

12. This is a point Mr. Keene has laid much stress upon as an argument for postponing the permanent settlement in these parts, for he says we are in a state of transition, and that when new lines of traffic, new emporia of trade, and new systems of irrigation have declared

Preface, page II.

to me that this argument, if pressed to its legitimate limit, would defer to so indefinite a future the whole question as to be virtually a negative of a permanent settlement altogether.

13. So also with the question of prices. It would be impossible at any future period to say prices had reached a limit beyond which they will not rise. In certain quarters, indeed, such as Jubbulpore, which are at present far removed from any general market, it may be a question whether the demand should be made perpetual until the effect of the opening of the new communications now under construction has fully told upon the prices of its agricultural produce. But in respect of the greater portion of the Provinces, it may be doubted whether the tendency will not be rather in the opposite direction; for districts at present remote will, by the extension of railways, be brought into nearer competition with its markets, and the effect will be to lower prices. So far, then, as this argument likewise is concerned, its legitimate conclusion is not so much to postpone a permanent settlement as practically to reject it.

14. The only remaining point for consideration is one which may be thought too recondite

Possible fall in the value of silver.

is bound to keep in view all the contingencies and possible future effects, however remote, of a step which will affect so large a portion of its existing revenues. It is quite possible, then, that

* "Nobody can say that some day silver may not also undergo a great fall, brought about by a production which should be distinguished by the two following characteristics of being much greater in comparison with the employments to which it had hitherto been applied, and of being produced under more favourable circumstances, that is, at less cost per kilogramme for the metal obtained. There are strong reasons for thinking that if the United States annexed Mexico, and penetrated farther into the regions of Central America, this event would not be of tardy accomplishment, under the auspices of a race so industrious and so enterprising as the Anglo-Saxons. Nevertheless, fall of silver is an event to be anticipated, an event even probable at no very distant date."—*Chevalier on the Fall of Gold*, p. 128.

Government were decreased by that amount. So far as the discharge of liabilities arising from the existing Government debt is concerned, there would be no inconvenience, as these, being contracted in the same currency, would suffer an equal depreciation. But in other respects any great revolution of the kind contemplated might prove embarrassing to the Government of the day.

15. Under the principle of temporary settlements, it would be always in the power of Government to re-adjust its demand, either by the addition of a percentage corresponding to the altered value of the currency or otherwise. How far the advantage of being able to exercise this power would warrant any practical action will be further considered below.

Advantages of a permanent settlement.

16. I pass on now from the objections against a permanent settlement to the advantages which it offers.

17. First, as respects the directly financial results there would be the saving of the very material expense incurred by the Government in the periodical revision of its demand. To enforce any satisfactory equalisation of the assessment,

Expense of periodical re-settlement saved. a detailed field measurement from time to time becomes necessary; and this process is especially required in all those tracts in which it is contemplated to assert the right of Government to an enhanced revenue based on the extension of agriculture. This operation, and the measures attendant on it, cannot be carried on without considerable expenditure of the public money. In the present year it is estimated that between four and five lakhs of rupees will be spent by Government on this object, and an equal if not greater amount will probably be required for many years to come, before the 30 years' settlement now expiring shall have been revised.

18. A permanent settlement once introduced would free the Government for ever from this expenditure; and the saving may be taken, so far as it goes, as a set-off against the potential increase of revenue under the present system which will be abandoned.

19. In a similar manner, the people themselves will be saved from the expenses, exaction, and oppression to which at every re-settlement they are liable. I cannot regard this a light advantage. Let our Settlement Officers be ever so active and vigilant, the subordinate agency

Zemindars and ryots saved from the exactions at their disposal is, like all other native agency, incident to a re-settlement. generally speaking venal and corrupt. They have opportunities of misrepresentation to injure the zemindars and ryots, and to favour one party or class at the expense of another; and they are not slow to turn their opportunities to account. Their time is short and they make the most of it. This species of tyranny is, I believe, in no case wholly absent; and in most settlements falls heavily on the people. It would be totally swept away by permanent assessment, to the great relief of all classes.

20. It may be urged, on the other hand, that the present advantage of a periodical detailed survey, and the ascertainment and record of all Disadvantage from want of periodical survey landed rights as they stand, will be lost, to the and record of rights. inconvenience of the people and the detriment of the public administration. The outlines of

possession are liable to alter greatly in the course of thirty years; the limits of cultivation vary, and changes occur in the distribution of property and of the rights of occupancy. Without a new field-measurement no full and complete registration of these can be compiled; the rapid variations arising in the lapse of time soon leave the old record behind; it no longer corresponds with existing facts, and becoming obsolete loses its value. That some benefits of convenience and usefulness may be thus given up is possible; but the loss, whatever it may be, can in some degree be repaired by requiring of the Putwarees that their annual record shall keep pace with the changes of the year. And if care be taken at the final settlement (which I presume will precede any measure of perpetuity) to make the survey and record of occupancy and rights very complete, I do not see why these documents should not be kept up in a manner sufficiently perfect for all practical purposes. But giving the objection its utmost weight it will go but a short way to counterbalance even the minor advantages of a permanent settlement referred to in the previous paragraph.

21. Looking now to the benefits which may be anticipated in the improvement of property, I notice the first periodical check which the prosperity of the country receives under the present system whenever a settlement approaches near its termination. As the assessment of the coming

Permanent settlement will remove the check to agricultural improvement occurring towards the close of a settlement. settlement is to be fixed in reference to the extent of cultivated area and value of the produce, it is the natural object of every proprietor to make

these appear as small as possible. Hence not only is the expenditure of capital on new improvements stayed, but the state of the existing prosperity is actually depreciated. The proprietor refrains from cultivating the usual breadth of crop; he narrows the area of land under irrigation; he postpones the sowing of valuable staples. It is quite natural that he should do so. The present sacrifice will be amply made up, if even a small diminution of the Government demand is hereby obtained. Penalties are threatened for such procedure. But so long as human nature is what it is, penalties will be fruitless, and every fresh settlement upon existing assets will tend to this result.

22. Leaving out of view the few last years of temporary settlement, it must be admitted that the effect of a determination of the assessment for 20 or 30 years has been found eminently

Permanency of settlement will encourage investment of capital. beneficial in ensuring improvement. Colonel Baird Smith's Report bears ample testimony that it is so;

almost every district in these Provinces is an unequivocal witness of the same truth. The security of a long settlement stimulates industry, and encourages the expenditure of capital, for the profits of the period are certain to replace the capital and to yield a handsome return besides. But it is also certain that the inducements to investing capital in the improvement of the land would in most cases be very greatly strengthened by fixing the demand in perpetuity. When any large disbursement is now contemplated, it is perfectly natural for the proprietor to hesitate. He will reflect whether it is, after all, worth his while to sink R1,000, say, in a well, which shall add R200 to his rental, seeing that, in consequence of this increased profit, he may be sure that at the next settlement R100 will be added to his assessment of his estate. Had the settlement been permanent, there would in such a case have been no doubt about the matter; where the settlement is temporary, the project is in all likelihood cast aside.

23. The inexpediency (if not, under some circumstances, injustice) of such a course has not escaped notice. The late Court of Directors ruled * that a liberal consideration was to be given for all improvements effected at the expense of the occupant, especially recent improvements "with regard to which he has reaped the advantage only for a short period."

* Dispatch dated 13th August, 1851. This laid down that although settlements must be formed with reference to the value of the land at the time, still a liberal consideration was to be given for the improvements attributable only to the efforts of the tenant himself, and especially with regard to such as are of a comparatively recent date, and with regard to which he has reaped the advantage only for a short period under the old settlement.

"In villages the cultivation of which has been much extended since the settlement by the breaking up of new land or the percentage of irrigation increased by the sinking of new wells or other improvements, the expenditure of capital must be allowed and a moderate jumma assessed."

Rule 37.

Productiveness was attributable to the investment of capital; and generally the assessment of an estate is affected by so many considerations, and depends so greatly on the opinion of the Settlement Officer, that the rule, as a ground of confidence in the future, could afford to proprietors no practical satisfaction, and is not calculated to diminish that uncertainty of reaping the full results of labour and capital which is the bane of all temporary settlements.

24. Some parts of the country, as those regions in Bundeeund which are incapable of irrigation, may be less affected by this consideration than others; but even their advances must be expended for the settlement of new cultivators, the digging of wells for drinking-water, the provision of seed, and other conditions necessary for founding fresh hamlets and extending cultivation. There is probably no part of these Provinces in which the impulse imparted by a permanent settlement would not be felt, where investment of capital would not be materially quickened.

25. It is true that great allowance must be made for the habits of the people. Motives of this kind will have their full and legitimate influence upon European settlers; but the natives of

How far the inducements of a permanent settlement will tell on the Native community. India are disposed "to leave well alone," and to keep to the old ruts which the usage of ages has sanctioned. Accordingly we do not find such

great difference in the progress of the four permanently-settled districts in these Provinces as we might have looked for. Although the inducements to invest capital from the limitation in perpetuity of the Government demand have been for more than half a century in full force there, nevertheless even if we take into our account the prescriptive indifference and immobility of the national character when ordinary motives are concerned, it would still be against reason, and against the experience of other parts of the country, to hold that so vital a change as the fixing for ever of the present shifting assessment should not produce the most important results.

26. For it is not doubted that the value of property would be vastly increased by such a Increased value of land caused by permanency measure. Nasir Ally Khan Bahadoor (who being of the assessment. a resident of Jounpore is a good authority on the subject) assures me that an estate would sell in a permanently-settled district at from two to three times the value it would fetch, though in every other respect similar, if under temporary settlement.†

Where the superior value of a permanently-settled estate is so decidedly recognised by the people themselves, it is against all analogy to suppose that the disposition to invest capital in its improvement will not likewise exist in a corresponding degree. Therefore I do not doubt that a great and accelerated improvement of property would result from a permanent settlement of the revenue.

† I give the following rates from him as these which are notoriously current.

The calculation is based on the average net surplus profits remaining after the Government demand and all other expenses have been paid.

Under temporary settlement, a property yielding 12 annas per mensem of such profit—that is, R9 per annum—would fetch R100; or a little above 11 years' purchase. Where the permanent settlement prevails the same price would be given for a property yielding 4, 5, or 6 annas per mensem—that is, R3, R3-12, or R4-8 per annum; being at the rate of from 22 to 33 years' purchase. (It is remarkable that the greater the proportion of surplus profit to the assessment, the higher the market rate per cent.)

Ahmud Buksh, an intelligent landholder of Enttehpore, confirms this statement, and adds from his experience as Vakel in the Sudder Court, that there is a corresponding superiority in the value attached even to a onlting tenure in the permanently-settled districts.

27. The political benefits, moreover, to be looked for from the measure are not small. A degree of contentment and satisfaction will be diffused over the land which is not easy to estimate.

Political benefit of contentment.

28. Opinions, indeed, on this head have been sometimes expressed in extravagant terms. The comparative immunity of Bengal from revolt in 1857-58 has by some been attributed in part to this cause. Experience refutes the conjecture. In these Provinces, the quarter in which the people continued longest and most persistently to oppose our Government, was that of Ghazepore, a permanently-settled district. The truth is that the inducements to revolt were to a great extent local in their character; they were brought to bear in their full strength on hardly any part of Bengal; but where they were brought to bear, as in the case of Shahabad, the permanent settlement was as powerless to hold them in check as the temporary settlement.

29. But though by no means inclined to attribute any such magical effect to a settlement in perpetuity of the land revenue, I am well assured that the measure would be hailed with intense satisfaction by the landholders in these Provinces. I was not aware till lately how strong is the popular feeling on the subject. Indeed, it is only of late that the attention of the landholders has (I suppose in consequence of its discussion during the last two or three years in the public prints) been recalled to it as a measure at all likely to be introduced. But (in the Lower Doab at least) they have quickly become accustomed to the idea, and are prepared to welcome the boon whenever it may be conceded.

Recapitulation of benefits.

30. To resume, the benefits to be expected from a permanent settlement are—

First.—Saving of the expenditure now occasioned by the necessity of periodical assessment.

Second.—Deliverance of the people from the vexations prevalent at every re-settlement.

Third.—Freedom from the tendency to depreciation of property towards the close of each temporary settlement.

Fourth.—Prosperity arising from increased incentive to improvement and expenditure of capital.

Fifth.—Greatly increased value of landed property.

Sixth.—Content and satisfaction among the people.

31. To these it has been suggested to add the saving to Government from the decrease of expenditure in the subordinate establishment required to collect the revenue. The revenue will

Saving of Revenue Establishments. certainly be realized with greater ease; yet I doubt

from this cause. The tehseldar and his staff will have more time to devote to their judicial and other duties. Indirectly also, savings in the higher branches of the service may be facilitated by the measure. For example, when the settlements preliminary to the act of perpetuity have all been completed, a single Officer may probably suffice to conduct the duties of this Board.

Advantages of a permanent settlement weighed against the disadvantages. Let us now revert to the objections brought against a permanent settlement, and see how they stand in comparison with the advantages.

33. First.—The net surplus of revenue to be looked for at each revision from the growing prosperity of the country, after adjusting all necessary fluctuations, is abandoned for ever. I do not estimate the prospective revenue which will be sacrificed from this cause at any very large figure. The opinion of our Board in the Administration Report for 1859-60, that the amount of land revenue is not likely to vary to any great degree from its present amount, is, I believe, correct.*

34. This estimate, however, was formed on the supposition that the Government would retain the power of periodical re-adjustment, and would be able to reimburse itself for reductions arising from calamity and deterioration, by levying an increase where it was justified by increase of assets. The calculation will of course be effected by the relinquishment of that power. Any variations which may become necessary under perpetual assessment will be only on the side of reduction.

35. But neither do I calculate reductions from this cause at any very serious amount, if the precaution be taken (which I will endeavour to show below is necessary) of a careful revision of the existing settlement before it is declared to be perpetual.

36. The special cause of increased productiveness arising from Government works of irrigation I reserve for further consideration.

37. There remains the contingency of a future fall in the value of silver. This contingency might be met as well as other objections above urged, (according to some authorities) by

* After referring to several instances of extensive rednotion on the one hand and of large enhancement in Gorakpore on the other, we wrote—"in the resettlements of Seharnpore and Boolundshuhur it is probable that the net result will be a small gain to the Government, but in many of the districts which in a few years will become open to revision, it is likely that the application of the liberal rule of settlement at half the assets will, to some considerable extent, affect the revenue. Against this, however, may be placed the general tendency of the revenue to advance from the lapse of maafee tenures, and the settlement of confiscated jagheers. Upon the whole, then, it is not expected that the land revenue of these Provinces will materially vary from its present amount."—*Revenue Administration Report for 1859-60*, paragraph 20.

It is to be observed that the benefit to the revenue from lapse of rent-free tenures would not of course be affected by a permanent settlement.

a very long settlement, say for 50 or even 100 years, which would secure many of the benefits of perpetuity, and yet leave the Government free to assert its rights should it deem it expedient in a future generation ; or a legislative enactment might reserve and accept the contingency of the fall of silver from the guarantee of perpetuity. The merits of such expedients will be treated of in a future part of this paper. Supposing, however, that no such expedients are found to be feasible, I do not think that the remote risk contemplated from this cause can be allowed to weigh against the immediate benefits to be expected from a permanent assessment.

38. Although no increase of income from the land tax will for the future be possible, yet other branches of the revenue will not fail eventually to share largely in the benefits flowing

Relinquishment of prospective enhancement of from the accelerated progress and increased prosperity the land revenue will be compensated in direct proportion to the returns from increased prosperity.

objection that "those who call upon the Government of India to forego the power of raising, without oppression, an elastic description of revenue, are bound to indicate the sources whence it could be made good."* It must be remem-

* Pamphlet before quoted (para. 7), page 27. (that is, if a careful revision precede the measure) :

the loss is one which it is apprehended will happen some 30 or 40 years hence. But by that time we may fairly look for a far greater enhancement of the revenue from the indirect return caused by the vastly improved resources of the country, than could have been obtained from the taxation of a portion of the increased rental anticipated from the extension of agriculture.

39. Allowing, then, the widest scope and fullest consideration to all the objections which can be urged against departing from the established system of temporary settlements, the advantages of a settlement in perpetuity appear to me vastly to outweigh them all, and I most decidedly advocate the measure.

40. So much for the general question; I pass on to notice several special points which will Details involved in carrying out the measure. require consideration, supposing that the Government decides in favour of a permanent settlement.

These relate—

First.—To the time when the measure should be introduced.

Second.—The manner of its introduction.

Third.—Whether there should be any and what exceptions.

Fourth.—Whether any special arrangement is called for in the case of irrigation from Government canals.

41. The sooner a measure of such beneficial tendency is carried out the better, with due advertence to the moderation and uniformity of the I.—Time when it should be introduced. assessment to be thus irrevoably fixed.

Any hasty or premature determination, which should stereotype existing inequalities, would injure the interests of the people as well as of the Government. Almost fabulous tales of extreme variation in the pressure of the perpetual assessment of Bengal reached these Provinces; and that not arising so much from subsequent improvement as from original inequality; a rental of several thousands of rupees is said sometimes to yield to Government but 10 or 20. On the other-hand, there are not wanting instances of excessive severity, and of revenue sales as the consequence. We have in our own permanently-assessed districts not infrequent examples both of undue pressure and of inordinate profit. To relieve the former the Government is occasionally put to some loss. There have also been cases where from the unequal distribution of an otherwise just demand on the component parts of a joint property, similar results have occurred.

42. Now, although we had advantages in the settlement under Regulation IX of 1833, which Bengal had not, and the assessments were framed with an approach to uniformity, yet that object was often very imperfectly gained ; and we have now opportunities far superior to what then existed for making an equitable assessment.

43. Further, the development of resources in various degrees caused by the long limitation of demand during the currency of the settlement now expiring, has occasioned diversities of condition and pressure, even in assessments originally tolerably uniform. These have been often due as much to natural advantages as to increased industry. It is no departure from the principles above advocated to say that such improvements, having occurred, under a settlement avowedly temporary, should be taken into account in fixing the perpetual assessment.

44. The permanent settlement will give far greater satisfaction to the people generally if it is preceded by a careful revision, and all are allowed a fair start together in the race of future

II.—Permanent settlement should be preceded by improvement. Such is the opinion of all the native gentlemen whom I have consulted. They deprecate any hasty process by which present inequalities should be stereotyped, as unjust and inexpedient.

45. Any premature measure of this kind would further involve the Government in considerable loss. There are quarters where it is well known that the Government revenue presses too heavily ; and we are only waiting for their turn of re-settlement to grant in them the necessary relief. In the course of re-settlement this will be done probably without any loss, upon the whole result, to the Government; otherwise an unnecessary defalcation is sure to arise.

District.	Date on which settlement under Regulation IX of 1833 expires.
Seharpurpo	July 1857 (new settlement nearly completed.)
Boolundshahpur	1859.
Goruckporo	1859. { ditto in progress.
Mozaffarneggur	1861.
Meerut	1865.
Furukabad	1865.
Budaon	1866.
Bijnor	1866.
Azinghnr	1867.
Bareilly	1867.
Shahjehanpore	1868.
Allyghnr	1868.
Allahabad	1869.
Mynpoory	1870.
Cawnporo	1870.
Futtehpore	1870.
Etawah	1871.
Muttra	1871.
Moradabad	1872.
Agra	1872.
Humeerpore	1872.
Banda	1874.

staff for settlement purposes should be advanced to its utmost possible strength so that as little temptation may be left as practicable to native officials for corruption. The inducements offered to secure favour in a settlement known as about to be a perpetual one, will be immense, and it is not in the generality of native officials to resist such inducements.

48. Extraordinary arrangements, if calculated to secure this object, ought not, therefore, to be rejected simply because they are irregular or expensive. An officer, for example, whose standing entitles him to the position of a Judge, and whom it might be otherwise desirable to employ in the settlement of a district, should be so employed, notwithstanding the extra expense necessary to provide him with suitable emoluments. Any amount of expense will prove a real saving in proportion to the accuracy thereby obtained in the perpetual assessment.

49. Although there is no district in these Provinces to which the permanent settlement should in my opinion be applied without revision, yet there is at least one in which the revision of survey and record has been so successfully carried on by means of the Putwarees and others, that the materials are, I believe, almost at hand for the revision of settlement. I allude to the district of Meerut, where probably the necessity for a new survey will not be found to exist.

50. Another advantage in the course proposed, is that in this final re-settlement, a careful field survey, and revised record of occupancy and rights, will be prepared in accordance with the existing status of property and possession. The extensive destruction of former records in 1857-58, renders this in many quarters a step that is almost indispensable; and these records, now revised and placed once for all on a satisfactory basis, will form the foundation of the record of changes to be kept up by the Putwaree in accordance with the facts of the day.

51. I now come to consider whether there are any parts of the country so exceptionally situated as to render it questionable whether any parts of the country.

they are yet ripe for a permanent settlement.

52. It has been doubted by several intelligent native gentlemen to whom I have spoken whether the tracts on the right banks of the Jumna, and below its junction with the Seinde, are of a character which will be much benefited by a permanent settlement. The soil in general is of a character upon which irrigation cannot be brought to bear; there is no opening to proprietors to expend capital on the construction of wells for that purpose. The region is also dependent on the periodical rains and these again are so liable to fail that it is difficult for any length of time to maintain a uniform assessment. Where estates break down, the elastic nature of the present system enables you to diminish the revenue, and when it has regained a prosperous condition again to assert the legitimate demand of the State. The same may be said of the singular deterioration caused by the *kans* root, which once allowed place, runs its course for years, paralysing the efforts of the cultivator. If the assessment be made permanent, it is alleged, every vicissitude of this kind will lower the demand, and the Government revenue will dwindle down to a serious extent.

53. First, as regards the last-mentioned danger, it can to a great measure be averted by allowing remission of revenue for a term of years in estates visited by calamities of season or otherwise. The jumma of the permanent settlement would be borne on the rent roll, to be again re-imposed when the effect of the visitation had passed away. If the original assessment be fair, and equally distributed, no serious loss to Government need be apprehended under such a system.

54. Next, as regards the expenditure of capital. It is true that the same field does not at present exist in these quarters for the construction of expensive works as in the Cis-Jumna districts. But still there are not wanting important objects on which capital can be expended; from the expenditure of which capital, it may be presumed, the temporary nature of the present settlement tends to hold the proprietors back. The estates in Bundelkund have very extensive areas, and but few villages located in them. Tillage is ordinarily confined to the vicinity of a village; and in order to found new hamlets and thus increase cultivation, wells have to be sunk; for no drinking-water is during the greater part of the year otherwise to be procured

revision can be effected. The work of re-settlement is already going rapidly forward. In one district it may be said to have been completed, in three others it is in progress. The other settlements can be taken up in the order of their falling in.*

The latest term extends to 1874, and the interval will not be too long for a careful revision. But there would be no objection to commence work in anticipation of the expiration of any existing settlement, provided a sufficient number of qualified officers are available.

47. It appears to me that every previous effort should be redoubled for securing a strictly equal and impartial assessment, seeing that any inequalities which may now be admitted will soon be beyond our reach to remedy. Especially the European

This of course involves a heavy outlay over and above the ordinary expenses of settling new cultivators, and advancing them money for seed, bullocks, &c., and funds for their own subsistence. I have no doubt that necessities of a corresponding character will be found to exist in almost every quarter; and that substantial advantage will accrue from the knowledge that the fruits of increased industry and disbursement will be reaped exclusively, and for ever, by the proprietor.

55. The same remarks apply to the southern parganas of this district (Allahabad), in which the proprietors are, according to Nasir Ally Khan, so ignorant and indifferent that they will not appreciate, even if they could comprehend, the value of the concession. But this may be doubted. There is no surer means than self-interest to call forth the energies of even such rudimentary classes, and to elevate them from their present low and backward condition.

56. It may further be remarked that the chief cotton-producing tracts lie on the right bank of the Jumna, and I should be loth to see them excluded from the benefits of the measure even if the objections were stronger than I rate them.

57. The only localities in these Provinces which may reasonably be excepted, are those in which the progress of reclamation is so backward that only a small portion of large areas has been brought under tillage. For example, some parts of the new Terai zillah, and of the other districts which border on the hills, are not in a sufficient state of forwardness to warrant a final declaration of a perpetual demand. This principle is admitted in Regulation IX of 1805, which held out to these Provinces the prospect of a permanent settlement. The measure was to be Sections VII and XXIV, Regulation IX of 1805. limited to "such land as shall be in a state of cultivation sufficiently advanced to render it proper to fix the assessment on the same in perpetuity." The permanent settlement would, however, in such case be only postponed. The circumstances of each tract should be decided upon separately on its own merits.

58. I am doubtful, likewise, whether the Jubbulpore Division and Chinndeyree and perhaps parts of Jhansi may not also fall under the same category. In the first-named division the proprietary title has hitherto been declared vested exclusively in Government, and the occupants have been held to be only farmers. The proprietary right is now about to be recognised. Moreover, the revenue arrangements there have never been in a satisfactory state; there are large tracts of land lying waste, and the region is emphatically in a transition state. The opening of the Bombay Railway will at once raise prices to an enormous extent. And altogether it may be prudent to see the effect of the new settlement for some years before finally fixing it for ever. The point is one on which further discussion may throw new light, and I am unwilling at present to express a decided opinion on it.

59. The assessment of mafaei estates, and those held under a partial exemption from the demand of revenue, will, of course, not be fixed, so long as the privileged title under which they are held does not lapse. There would be no advantage in settling a prospective assessment

Case of mafaei and other privileged proprietors. in perpetuity upon them; any general instruction to do so would probably raise the suspicion that some new measure of resumption was contemplated. The only exception would be where the privileged holder is also the recognised proprietor, and where he might of his own accord apply for the declaration of a permanent assessment. Here it might be done.

60. Where the proprietary title of a mafaei estate is vested in any other party than the mafaeedar (who in such case is the mere representative of Government and entitled to receive no more than it would have received), and a settlement is made with the proprietors fixing the revenue demandable by the mafaeedar, such revenue should be treated on the same basis as Government revenue and settled in perpetuity. So likewise with subordinate properties held on an independent footing, even though the revenue demand is paid, not direct to Government, but through the channel of the zamindars. In Talookdaree estates likewise, of which a sub-settlement may have been made with the "inferior proprietors," and that arrangement is now maintained, it would be competent to the Government to fix the assessment to be paid by the subordinate holders in perpetuity.

61. The last subject to be considered is that of irrigation from Government canals. The

IV.—Irrigation from canals. facts and the difficulties involved by them in relation to a perpetual assessment have been fully and impartially stated by Colonel Baird Smith, C.B.

62. The benefits derivable from canal irrigation vary according to the capacity and antecedents of the land affected. Where canal irrigation becomes a mere substitute in land previously irrigated by wells, the benefit may be rated at little or nothing; where lands already under dry crop are watered from the canal the produce is vastly enhanced: where waste lands which could not otherwise have been brought profitably under cultivation are rendered fruitful the gain is equal to the entire net rent of such lands.* The water rate paid to the Canal Department is an uniform rate, and is necessarily very low, being calculated to meet the first of the above cases where the smallest degree of benefit is derived from the canal. In the two latter cases the water-rate is altogether inadequate.

* This subject has been treated in detail in the Board's address to Government, dated the 14th February last, from which I extract the following paragraphs:—

5. "It is necessary to enquire in what degree assets will be improved by the introduction of canal irrigation, and the loss to Government, if no arrangement be made for the State sharing in the increased returns.

Various degrees of benefit from canal irrigation.

6. "There will be three classes of lands, each affected in a different degree.

63. Now, it is evident that where large areas already under dry cultivation are by canal irrigation rendered doubly profitable, the State is entitled to share in the increased profits produced by its own capital. Much more is it so in the case of lands which otherwise could not be cultivated at all at a profit, but which may hereafter be rendered fertile by the construction of a canal cut. The profits are in no sense, or in a very limited sense, the result of expenditure of capital by the proprietor. It is the capital of the community which has produced these results; and the community at large, that is the State, is entitled to its share in the profits. The levy of the present uniform water-rate is a very partial and inadequate assertion of this title.

64. The right of Government under the existing system is jealously guarded, not only for the interest of the Exchequer generally, but also because these profits are one cause by which the State is justified in extending its canal system, and a chief source from which it is enabled to do so. The right is easily asserted at each recurring settlement, because the State then comes in and assesses its revenue at the sum of half the rental of the estate, including that of the newly cultivated or improved lands. The benefit, then, reaped by Government from canals under the present system consists, *first*, of this periodical improvement of the land revenue; *second*, of the general security they afford to the revenue against famines; and *third*, of a light uniform water-rate calculated to give a moderate return of interest on the capital invested in the undertaking.

65. Of these benefits the *second* and *third* will remain unaffected by the new system. Is the *first* to be altogether abandoned?

66. "The idea of property," says Mr. Mill, "does not necessarily imply that there should be no rent, any more than that there should be no taxes. It merely implies that the rent should be a fixed charge, not liable to be raised against the possessor by his own improvements, or by the *will of a landlord*;" and again the same thing is

Political Economy, Chapter VII, Section I.

Ibidem. Chapter VIII, Section 4.

described as "possession in perpetuity at a money rent either fixed or varying according to some rule which would leave to the tenant the whole benefit of his own exertions."

67. If, then, any plan could be devised by which the Government should secure the portion of the profits due exclusively to the expenditure of its own capital, without by any possibility infringing on the fruits of the proprietors' labour and capital, the essential requirements of property would be maintained without affecting the financial interests of the State.

68. Various expedients have been proposed for attaining this object.

69. First (as before mentioned in reference to the possible fall of silver), it has been suggested that a very long settlement might be allowed, of 50 or even 100 years, at the close of

7. "First, lands already irrigated from wells, jheels, or natural streams, but which may hereafter be made available for canal irrigation. Here the benefit would consist simply in the substitution of an easier and cheaper mode of procuring the water and conducting it to the fields, for a more expensive and difficult mode. The general belief of the people (shared in general by District Officers) is that fields irrigated from wells yield an appreciable heavier and better crop than those irrigated with canal water; and this apart from the liability of the ground, especially near the head of a raijhah, to become covered with the silt which is borne down and deposited by the canal water. Supposing this were admitted, there is still the advantage to the cultivator of a less expensive process which diminishes the cost of cultivation, and leaves, therefore a large surplus of net profit. The benefit would secure a due balance of advantage in favour of the Canal irrigation. Yet the benefit would not be felt fully at the first; because, in such case, a cultivator is already provided with cattle and all the gear, etc., necessary for his wells; and being, moreover, accustomed from long habit to irrigate from them, it would take some time for the new system to supplant the old one.

8. "On the whole the benefit in respect of this class of lands would not be so sensible or so immediate as to justify the introduction of canal water being made the ground of any increased demands during the currency of a settlement. The case would be fully met by the demand from the Canal Department of the ordinary water-rates whenever the canal water began to come into use.

9. "Second, where cultivated lands not previously irrigated are brought within range of canal channels. In reference to lands heretofore unirrigated, the benefits would be large and important. Instead of being dependent on the precarious rain of heaven, the kharif crops, as well as the rabi harvest, would be rendered secure and certain. The rabi crops would gain beyond all comparison in heaviness and value. Where only the inferior cereals are now produced, the higher kinds of crops would be cultivated. In many places sugar-cane, rice, etc., would be introduced. The value of the assets from land so situated, after payment of all canal expenses, would at the least be doubled, and often greatly more than doubled.

10. "Thirdly, but canal water would not simply be available for lands already under cultivation. It may confidently be expected the large tract of arable lands which either cannot at present be cultivated at all without artificial irrigation, or which could not be cultivated at any profit, would be brought under the plough, and would yield rich and remunerative crops. Note the increase of produce, after payment of the moderate canal costs and the ordinary costs of cultivation, would be all clear gain.

11. "Taking now the case of villages containing lands of the second and third classes, it is evident that in Second and third classes fairly open to increased revenue both there would be a large addition to the profits of the demand.

"In the second class of lands, it would arise from the increased rent of field already under cultivation, in the third it would consist of the entire rent of the area newly brought under tillage. If such thorsons were in any measure attributable to the expenditure of labour and capital on the part of the agriculturists themselves, it would be reasonable that they should enjoy the enhancement of income arising therefrom. But it is not so. The advantage is gained purely by the construction of a public work at the cost of the State. It no more arises from the exertion of the proprietor than increased profits from the accession of alluvial lands. A village which profits by alluvial addition is held to be open to revision of jumma during the currency of settlement, and in a corresponding increase in the Government demand; and there is no greater reason of immunity where the increase of assets arises from a cause just as much beyond the control of the owner. The benefit is equally clear, equally great, equally gratuitous."

which the increase of profits due to this source might be carefully calculated, and the just proportion of the Government dues assessed thereon. But whatever benefits a long lease of this nature would bring, it would not be a settlement in perpetuity. In India, as elsewhere, there is a charm in the word "forever," which is entirely broken if the term falls short of absolute perpetuity. Again, in what respect would it be possible to define the exact proportion of the profits attributable to the canal as distinct from those created by the capital and industry of the occupant? * And even if it were possible, how should we convince the proprietors that such prospective demand would be confined to that share? Uncertainty and mistrust would take the place of those feelings of confidence and security which it is the grand object of a perpetual settlement to create and confirm.

70. The same objections exist, even in a stronger form, to the proposal for a legal reservation to Government, in the act of perpetuity, of

II.—Reservation by law of its titles. the right to assess its capital profits at any future period at which they may be fully developed. If any rule or procedure could have been settled, by which the power of Government to take the increased profits due strictly to the influence of its own capital and no more, could have been *defined* and *limited* in a satisfactory and absolute manner, then the idea of property as above explained might have been compatible with such a scheme. But I can conceive no such expedient. And even if such an expedient were possible, it would still be an impracticable task so to explain the reservation, that it should be fully and correctly understood by the people; for, if they fail fully to understand or implicitly to believe it, the effect would be equally injurious as if there had been no limitation at all. Where millions of ignorant persons are concerned, it is a matter of incalculable difficulty to communicate the exact bearing of any stipulation or reservation; and it would involve even greater risk and difficulty to persuade the landholders that some latent pretext under which the Government would hereafter be enabled to neutralize the pledge of perpetuity, did not lie concealed under such a reservation. Thus suspicion and mistrust would be engendered, and the benefits of a perpetual settlement neutralized. I do not see that any such reservation is practicable.

71. Again it has been proposed to except the tracts of country likely to be affected by

III.—Deferment of perpetual settlement in canals from permanent settlement until the benefit tracts affected by canals. of irrigation from them shall have reached, or nearly reached, their full development; the settlement would then be made at the enhanced scale of assets arising therefrom. Such is the condition of the country through which the Eastern Jumna Canal runs, and from the assessment of which the Government has derived its full share of the increased rental. But it will be many years before this state shall have been fully attained in the Ganges Canal;—before the thousand subordinate channels of distribution shall have been completed and brought into use by the people. Meanwhile the greater part of the Doab, a tract the best calculated perhaps in these Provinces to appreciate the blessings of a permanent assessment, would be debarred for an indefinite period from their enjoyment. Besides, canals may hereafter be introduced into parts of country under then already permanent settlement; so that the difficulty must be faced at some period; and another expedient than postponement must be provided.

72. There is yet another way in which the interests of Government might in a partial degree be secured, *viz.*, by the application of a differential water-rate.

IV.—Differential water-rates.

considering last year whether the right of Government to share in the increased assets, arising from new lines of irrigation, could not be asserted even during the currency of a settlement, a scheme of this kind was suggested as a possible solution of the difficulty. Thus the charge for water applied to lands previously irrigated from wells or otherwise would be at a minimum rate; that for former dry cultivation, now irrigated, at a higher rate; that for waste lands newly brought under cultivation by canal water at the highest rate. But it appears to me that on the introduction of a permanent settlement, such a system could not be resorted to without a special reservation sanctioning it in the act of perpetuity. It might be said that the process would be nothing more than simply affixing a price to the water; and that in selling the water, the Irrigation Department has a right to affix any price they choose for their commodity. This would be true if the differential scale had reference to the increased cost of a cut, say to any particular locality, or in short to any other consideration but that of the varying *increased productiveness of the land itself*. For example, in Bengal, under the absolute perpetuity of the land revenue, I should think the principle would not be tenable. But whether it would be legal or not (without an express reservation which would not be politic for reasons above assigned), it appears to me that the process would closely resemble an assessment (not on the water, but) on the increased productiveness of the soil and that the scheme consequently is not expedient, and must be abandoned.

On this subject I quote from a previous paper:—"When a new settlement comes to be made, how is it possible to indicate what portion of increased productiveness is attributable to the canal, or what portion of extended cultivation has been and would not equally have arisen from other causes? In Saharanpore the cultivation has increased prodigiously since the settlement of 1837, the increase is general and not confined to canal villages. Why should the Government adjust this assessment to the capacity of villages which have improved in the one case, and not in the other? In a canal village, for example, how can it be proved that a tract of fields brought under canal irrigation would not, to a great extent, if not equally, have been brought under well irrigation, as the country improved and capital increased, even had there been no canal in the district?"—*Note by Secretary to the Government of North-Western Provinces, dated 29th October 1858, para. 19.*

* "The first plan (the levying of a varying water-rate) indeed would answer, were there any ready means of assessing a differential water-rate calculated on fixed and uniform principles with reference to the advantages gained from the use of Canal water. Those advantages (as shown in para. 6 *et seq.* of my former letter) are very various in degrees. In some cases where the means of well irrigation were previously available, the benefit

73. The Canal Department must, therefore (it appears to me), realise its revenue by uniform water-rates. But there is no reason why under the operation of a permanent settlement it should not demand a higher water-rate than it would have done had the system of temporary settlements been continued. Under this latter

Under permanent settlement uniform water-rates may be raised without detriment. system the Government looks for a return from its disbursements, not simply to the water-rate but to the enhancement of revenue expected at the ensuing settlement. Such an enhancement is in fact a second canal charge in another form. The cultivator is assessed in the water-rate by the Canal Officer; the proprietor is assessed in a part of his increased rental by the Revenue Officer. It is evident that so long as this system prevails, there is great danger in an undue enhancement of the water-rates*; for it is plain that these might be increased to an extent which might prove in fact a second assessment upon a rental already fully assessed by the Revenue Officer. That danger (with an exception to be noted below) would no longer exist under the perpetual assessment. The increased assets arising from irrigation will, under a permanent settlement, be free for ever from assessment; and the Canal Department will be at liberty to raise its rates for water to as high a point as the people are willing to pay for it. The Government may thus be reimbursed to a certain, though comparatively limited extent, for the profit which it gives up in relaxing its hold on increased assets in the Revenue Department.

74. But there is an exception from this rule. The increase of water-rate would, as I have shown, be justified, because the Government abandons its former right of assessing increased

With one exception.

profits. But the existing settlements have been already framed upon a calculation which includes those profits; and so far as this has been done, the above considerations will not be applicable. For example, on the East Jumna Canal the full effects of which have already been taken into account in the land revenue settlement, there would be no reason (so far as the loss caused by a permanent settlement is concerned) to raise the water-rate at any future period. But in settlements made while an irrigation work (as the Ganges Canal) is in progress, and the effects are only partially developed, the case is different. Suppose a village at settlement without any canal irrigation, to come hereafter within its influence and to have 500 bighas under canal irrigation, whereby the produce is increased by an additional value of R2,000, and the rental by Rs1,000. If the canal rates are raised all round by 6 annas per bigha (or an equivalent on the *pymana*), the canal revenue would consequently be increased by Rs187-8-0, representing the gain to Government from the increased produce. Suppose, on the other hand, that the canal irrigation and increase of assets had in this village preceded the settlement, the increase of rental must have been then assessed at from probably four to five hundred rupees. And it would consequently be only fair and equitable that if an enhancement of water-rate in consequence of

may be very small; nay in some cases from deterioration of soil or other causes incident to the use of canal water, there may be a positive loss. On the other hand, unirrigated lands would benefit very largely, yet here also in greatly differing degrees; the increase of assets where the soil is suitable to sugar-cane and rice crops being beyond all comparison greater than in the case of lands suitable only for the growth of common crops. And the same may be said of lands hitherto uncultivated, but made capable of tillage from the presence of canals; this class of lands, yielding of course the greatest amount of new profits. If no differential scale of water-rates be applicable to these various classes of soil very great inequality of assessment, not to say in some cases unfairness if not positive injustice, would be the result.

5. "Yet this Board, as at present advised, do not see their way to any satisfactory system for a differential scale of water-rates, without inflicting as great a degree of uncertainty as would be occasioned by the plan they have proposed, possibly a greater degree. They freely admit that if any scheme for fixing a uniform scale of the above nature proportioned however roughly to the benefits derived by the several classes of soil, could be devised, it would be the most satisfactory settlement of the question. The land revenue would then remain unalterable for the whole term of settlement; and the Government would have its fair share in the increase produced by means of the water-rate."—*Sudder Board to Government, No. 133, dated 15th February 1861.*

The project was favourably received by Government, which said, "There can be no question that the most satisfactory way of removing the difficulties which have led to this discussion will be to assess the canal water-rents at differential rates varying with the degree of advantage derived by different lands, and even the same classes of land in different positions from Canal water."

20. "The Lieutenant-Governor cannot think that the elaboration of such a scheme will present all the difficulties which the Board anticipate. It appears to him that by the simultaneous and united action of the Collector and the Canal Officer an assessment of differential water-rates might be carried out in such a way as to secure a fair equality of burthen on account of these rents; to bring to the credit of the Canal Department the amount of revenue which it is fairly entitled to claim; to leave the land revenue consequently a fixed and unvarying quantity, and while giving satisfaction to the people to obtain for the Government its just share of the increased assets arising from works of irrigation constructed at its sole cost.

21. "For this purpose the joint action in concert of the Canal Officer and the Revenue Officer will be indispensable. Neither the one nor the other could carry it out singly. The one will be the best if not the only competent judge of the extent to which water from the canal can be carried with advantage, of the varying quantity which will reach lands at various distance and in various localities, and of the expenses which will be incurred by each village or tract in bringing the water upon its lands; the other will be the best if not the only competent judge of the degree in which the lands of different villages will be benefited by the introduction of canal water. He will know how far the existence of well irrigation may affect the value of water to be brought from the canal. He will know the extent of cultivated land unirrigated which may be benefited by the canal. He will know, too, the area of uncultivated land which, now yielding nothing, may be made productive by the water derived from the canal; and lastly, he will be able with little difficulty to estimate the degree in which the value of lands of different classes may be affected by canal irrigation according as they are capable or not of bearing sugar-cane, rice, garden stuffs, and the more valuable kinds of crops generally." *Government of the North-Western Provinces, No. 516 A., dated 1st June 1861.*

* I need hardly remark that the above objection does not apply to the differential rate sometimes levied on the water used for various crops, because the distinction is here founded on the varying quantities of water they require not on the varying productiveness of the land.

* This point was urged strongly in a Minute now before Government on "the right of Government in streams, and the principle of fixing rates on water from canals," dated the 23rd May 1860, paras. 19 to 22.

the permanent settlement took place, an estate so situated should be exempt therefrom. Otherwise rental that had been already taxed by the Land Revenue Department would come a second time under the influence of what is intended to be purely a substitute for such taxation.

75. While, therefore, I would advocate the liberty to raise the water-rate, in order to make some compensation for the right of periodical assessment now proposed to be relinquished, allowance should, I think, be made for all estates already under canal irrigation at the settlement, to the extent to which such irrigation may have been taken into account by the Settlement Officer. And such exceptions from enhanced water-rate would require to be adjusted by the Canal Officers in concert with the Revenue Department.

76. Colonel Baird Smith has proposed that the canal-water-rate should, where irrigation Opinion against consolidation of water-rate has become sufficiently developed, be consolidated with land revenue. I think that this could be

done only in exceptional cases.* Where the water-rate, as I believe to be ordinarily the case, is paid by the *cultivator*, the landlord could not equitably be required to make himself responsible

NOTE.—This part of Colonel Smith's report is not included in the extracts which have been sent to our Board, and as we have not been furnished with a copy, I write from the recollection of a rather hurried perusal on a former occasion.

This part of Colonel Smith's report is not included in the extracts which have been sent to our Board, and as we have not been furnished with a copy, I write from the recollection of a rather hurried perusal on a former occasion.

equitable to bind the whole community by a joint assessment to pay the consolidated demand for water by which they profit unequally, some of them perhaps not at all. Further, the consolidation could only take place where the system of water-courses had been fully completed; and till that had been accomplished the permanent settlement would have to be held open to this future consideration. Looking, moreover, to the possibility of occasional failure of supply, it appears to me (so far as the matter has yet been opened up by discussion) that it will be the preferable plan to keep the water demand altogether distinct from the revenue demand.

77. This would not interfere with any arrangement for fixing the canal demand in perpetuity, where that might be found otherwise advisable. Nor would it present any obstacle to the amount assessed as water-rate being collected by the Revenue establishment. I have long thought that this would be an improvement on the present system. The details of water,

See paragraph 12 of note by Secretary to Government, dated 29th October 1858, above quoted; and paragraph 24 of the Minuto, dated 23rd May 1860, quoted in preceding note.

its rates, and the names of the parties who had engaged for it, would be supplied by the Canal Department, and the amount would then be collected by the Tehseeldar. Where the system is by measurement of area under irrigation, this also would probably be best done by the Revenue Department.

78. It appears to me that all matters connected with the revenue of canals, its demand, and collection, might with advantage be placed under the control of our Board, without the organic change in its constitution proposed by Colonel Baird Smith, and yet in a manner such as to secure the advantages contemplated by him.

79. Although a new law will not be absolutely necessary empowering the Government to make its land revenue assessments in perpetuity, yet, in order to give confidence to the people, Executive Government should be empowered by law to fix assessment in perpetuity. Legislature to its perpetual limitation. It might be enacted that wherever the Government may declare the assessment of any district, subdivision, or estate, to be permanent, the revenue demandable from the same shall remain for ever limited to that amount; and that no further claim of the nature of land revenue shall be lawful.

80. It may be advisable, where so important and irrevocable a step is to be taken, to provide that no assessments shall be declared permanent without the express sanction of the Governor General in Council, in every separate case.

81. No further legislative provision will, I presume, be required, as all the laws relating to the collection of the land revenue will continue as at present, and no subordinate and relative rights or question of rent, etc., are affected thereby. It is a mistake to suppose that a permanent assessment will be in any degree incongruous with the principles of settlement introduced by Robert Mertins Bird. It will rather form the final development and completion of them.

* The following extracts from the Minuto, dated 23rd May 1860, before referred to, are to the same purport:—

13. "In these Provinces the universal adoption of the latter mode of assessment (village settlements) renders it quite necessary that the water-rate should be kept quite distinct from the land revenue. The revenue is fixed for a term of years for the whole area of a village within certain defined limits. In a coparcenary estate there are various subdivisions of the proprietary body, and various interests, more or less distinct and separate one from the other. Some of these subdivisions may be benefited largely by the canal water, others in a less degree, and some not at all. The use of canal water varies according to season and other incidental circumstances. To attempt a consolidation of the water-rate with the revenue would produce insurmountable embarrassment and confusion. The only practicable plan is to make each cultivator pay for the amount of water which he himself takes from the canal. If a body of landholders, or village, or a cluster of villages, combine to contract for a consolidated payment, they can of course distribute the amount among themselves; but the circumstance would be exceptional, and its continuance would be dependent upon a voluntary and uncertain combination.

15. "Where the settlement is made ryotwary, or direct with each cultivator, there the consolidation of the water-rate and land rent may be possible. But even here, if the lease be (as it should be) for a long term of years, the consolidation will only be possible where the supply of water is perfectly certain and uniform from year to year. Any failure in the supply would lead to the necessity for a re-adjustment of the two elements (land revenue and water-rate) composing the demand, far more confusing and harassing, I should think, than if those elements had been kept separate from the first."

82. I would advocate that the road and educational cesses, equal to two per cent. on the Road and educational cesses. Government jumma, be consolidated with the Government jumma and collected as such. In the Treasury accounts the proportion due to each fund would be separated, and assignment made accordingly.

83. I have been concerned to find from his Minute of the 23rd June 1860, that the principle of the Educational Fund does not find favour with the Honourable the Lieutenant-Governor. The terms laid down by the Saharunpore re-settlement rules, which provide for the payment of this cess, are so far more favourable than those of any previous settlement, that the addition can nowhere be seriously felt.* It is not the place here to urge the benefits to be obtained from this cess. But I trust I may be excused if I say that it appears to me to afford the only prospect of securing a really national system of education, and that it will be a cause of deep regret if it be abandoned.

84. In conclusion I would add that the consideration of the question of a permanent settlement has been discussed entirely on its own merits, and without reference to the privilege of redemption lately conceded by the Viceroy. As the commutation of land revenue by a present payment, wherever acted upon, is to all intents and purposes a permanent assessment, and as moreover it will prove a permanent assessment mainly of those portions of the revenue which are most unfavourable to Government, the argument for a perpetual settlement generally is greatly strengthened by the above measure; if, indeed, the necessity of such a settlement does not follow absolutely as a corollary therefrom.

85. The above remarks have been written hurriedly, as the Government requires an immediate expression of our opinion. And I have refrained from noticing several points of great and general interest discussed in the course of Colonel Baird Smith's report, as they did not appear to me to be essentially connected with the question of a perpetual assessment.

Annexure II to No. 10.

Minute, dated 21st December 1861, by R. MONEY, Esq., Junior Member of the Sudder Board of Revenue, North-Western Provinces.

In recording the following remarks on the question of fixing the land revenue of the North-Western Provinces in perpetuity, I would premise that I assume the measure to have been determined on and to be inevitable. The policy of removing the bar to improvement which is now presented by the uncertainty of the Government demand is obvious, and the arguments which have been adduced in favour of a permanent settlement appear to be unanswerable. The concession of a permanent settlement is, moreover, partially involved in the option which has been granted to redeem the land revenue in perpetuity.

2. Regarding the question, therefore, as one of time, I shall endeavour to show that arguments may be adduced against the immediate perpetuation of the existing settlement of these Provinces, of force sufficient to indicate the necessity for delay.

3. Immediate action would involve too heavy a sacrifice in a permanent or prospective loss or relinquishment of land revenue; and *secondly*, it would fix in perpetuity a settlement which is not equitable.

4. The loss of revenue would be incurred in estates which have benefited by the action of canals subsequently to the last revision of assessment, or of which the assets may hereafter be increased by canal irrigation.

Second.—In estates of which only very small portions of the area were under cultivation when the present settlement was effected, and of which the assets either have been or might be largely increased.

Third.—In estates of which the present assessment is too heavy in comparison with the general average, and in which a reduction of the demand would be inevitable on a revision of the existing settlement.

5. With regard to the estates which have been improved by canal irrigation, it may be sufficient to refer to the statement in the 74th paragraph of Colonel Baird Smith's report, which shows that the assets of 17 villages in the Saharunpore District have risen during the last twenty years from Rs 16,050 to Rs 36,970, or 130 per cent., and in which the Government demand has now been raised from Rs 11,609 to Rs 16,258, or 40 per cent. The increase of rental in villages of the Meerut District, shown in the 66th paragraph of the same report, is nearly as remarkable.

6. The Gorakhpore District stands out conspicuously as that in which the greatest increase of rent has been obtained by the extension of cultivation since the settlement under Regulation

* It is stated in paragraph 30 of the above Minute that the deductions according to the Saharunpore rules amount to 8½ per cent., or more than double the Income Tax; but this calculation is considerably above the reality, because under the standing rules the Road and Educational cesses are deducted from the gross rental before the apportionment of the 50 per cent. on the Government jumma, and therefore virtually only one half of the same is borne by the proprietor out of his 50 per cent. of the assets. Moreover the salary of the patwari, which forms 6 per cent. of the whole 8½ is a *bona fide* village charge which has always (even under the old hard rules of assessment) fallen upon the zemindars, just as much as any other expense incurred for village servants to help in collecting the rents. It cannot, therefore, be justly compared with the Income Tax on net profits.

As above shown, the Road and Educational Fund together fall on the zemindar at only 1 per cent. of his jumma, the same charge as was formerly made for the Road Fund alone. Thus, if the net rental were Rs 202, Rs 2 (being Rs 1 for each Fund) are first deducted; and the jumma is fixed at half the remainder, i.e., Rs 100, or with the two cesses at Rs 102. Had the cesses not been taken, the jumma would have been Rs 101, so that the zemindar has in reality but one additional Rupee per cent. to pay. If the principle he objected to, it might be laid down that 51 per cent. of the rental is to be fixed as the Government revenue, which would provide for both funds; and allotment to them might be made after collection as proposed in the 80th paragraph.

IX of 1833; but that settlement is now under revision, and a corresponding increase of revenue will be obtained. If, however, there is no district which will in this respect bear a comparison with Gorukpore, there are portions of districts and numerous detached villages scattered over the country which must be placed in the same category. I would instance generally those on the borders of the forest skirting the Himalayan range, and I believe that the seven pergunnahs which form the Tahsildari of Husnpoore, on the Ganges, in the Moradabad District, and in which a remarkably small proportion of the culturable area was under cultivation at the last settlement, would exhibit an increase differing little in degree from that which has been effected in Gorukpore. To fix permanently the present assessment of the villages of these pergunnahs would be equally unfair to the Government and to the landholders of the remainder of the district. Even if the Government should demand no increase on the aggregate demand of the entire district, the proprietors of those villages which had reached, or nearly reached, the limit of possible improvement when the present settlement was made, are fairly entitled to demand that the assessment should be equalised before it is fixed in perpetuity.

7. It may be safely affirmed that there is no district which does not contain several estates that are with reference to their capabilities more heavily assessed than the majority, and which would benefit by a reduction of demand on a revision of the settlement. The instances of under-assessment are much more numerous. Justice to the landholders in the former case and the interests of the State in the latter point to the necessity of deferring the perpetuation of the settlement until the revision, which is now in progress in a few of the districts of these Provinces, shall have been completed in all.

8. The question of realising the return to which the State is entitled on account of its expenditure on canals is much more complicated. The proposed measure must be deferred indefinitely if we await the time when the network of canal irrigation shall have been extended to the utmost practicable limit, and the resources which it will create shall have been fully developed. I should suggest the adoption of a scale of differential water-rates proportioned to the increased profits directly attributable to the canal irrigation. The amount payable by each estate may, hereafter, be fixed in perpetuity.

9. The inconvenience of collecting the water-rate separately from the several cultivators or under-tenants of an estate might be avoided by a provision that the parties responsible for the payment of the land revenue should, hereafter, or so soon as it shall have been permanently fixed on account of any estate, be held liable for payment of the canal assessment, an allowance of 10 per cent. being made for the cost and trouble of collection. The declaration of the fixity of the land revenue demand might, in every instance, be made contingent on the acceptance of this condition.

10. With the proviso proposed in the last paragraph, I would recommend that the land revenue demand of each district should be declared permanent on the completion of the settlement now in progress or impending, but I would strongly deprecate any more premature action as injurious to the interests of the State, and unjust to the many proprietors who would be held entitled to relief on a general revision of the existing settlements.

11. I am of opinion that no amount of direct land revenue which might possibly be hereafter assessed in excess of the demand which will be fixed at the approaching settlement, could bear any proportion to the increased sources of revenue which will directly or indirectly be gradually developed when the utmost possible simplification of the tenure of land shall have been effected and its stability assured.

Annexure III to No. 10.

Minute, dated the 27th of May 1862, by the HONOURABLE S. R. G. F. EDMONSTONE, Lieutenant-Governor of the North-Western Provinces.

Letter from the Secretary to the Government of India, in the Home Department, No. 2033, dated the 7th of October 1861, calling for opinion on the subject of making the settlement of the land revenue, in the North-Western Provinces, permanent, as discussed in paragraphs 62 to 82 of Colonel Baird Smith's 2nd report on the Famine.

The questions on which my opinion is required in this Department are two, *viz.*,—

First.—"The question of a permanent settlement, not only with special reference to the districts which have recently suffered from famine, but as a general measure applicable, sooner or later, to the country at large."

Secondly.—The question "as to the value of a legislative sanction for settlements for terms of years in districts" the existing settlements of which may not be of a character to be made permanent; in reference to its effect in improving "the tenure of land."

2. It will be convenient to dispose of this second question before proceeding to the consideration of the much more important and difficult subject of giving permanency to the settlement of the land revenue in these Provinces.

3. In the course of the settlements which were effected in the North-Western Provinces under Regulation IX of 1833, and confirmed for certain specified periods by Act VIII of 1846 in so far as the demand of the Government was concerned, all claims to proprietary right in land were determined by judicial enquiry and carefully registered. The title so secured is fixed and permanent, though the assessment on the land is liable, as the law now stands, to variation on the expiry of the periods stated in Act VIII of 1846. To use Colonel Baird Smith's words (paragraph 79), "the enjoyment of these (rights in the soil) is guaranteed to their proprietors by the most solemn and repeated sanctions." It does not appear to me, therefore, that "the tenure of land" in those districts, of which the existing settlements are not such as should be made permanent, can be "improved" by giving a "legislative sanction" to those settlements. Nor am I aware that any of the objections, to which at present temporary settlements are open, would be removed by that measure.

4. The other and more important question has engaged my best attention, and I should probably have given expression to my views before this, but for the interruptions incident to my tour, and the hope that I might, meanwhile, receive the remarks and opinions of the officers of the Irrigation Department on the points discussed in paragraphs 146 to 164 of Colonel Baird Smith's report, relative to the administration of the Irrigation Department, and to the means whereby, in his judgment, "the interests of the Government (in that Department) may be so guarded as to ensure there being no obstacle to the perpetual settlement of the land revenue." But I am reminded by a recent letter from the Government of India that the further postponement of my reply is undesirable.

5. In the remarks,* which I was required to submit on the report of Mr. Paterson

* See your letter No. 1866, dated the 16th September 1861. Saunders, I have committed myself to the opinion that, in the present condition of these Provinces,

a permanent settlement of the land revenue may be introduced with great benefit subject to certain conditions and exceptions; and I have pointed to the ground of that opinion in the fact that the system of leases for long periods, which has latterly distinguished the Revenue administration of the North-Western Provinces, and which has encouraged the application of capital to the land, resulting in very great improvement, would have its legitimate issue only in a perpetual fixity of the Government demand.

6. Regard being had to those remarks which have, in some degree, anticipated what I should have recorded on the present occasion, it cannot be necessary for me to discuss all the arguments for and against the measure under notice; the less that they have been considered and impartially set forth in the Minute of the Senior Member of the Board of Revenue, North-Western Provinces, and that the conclusion arrived at by Mr. Muir is in accordance with the recommendation which is so powerfully and emphatically urged in Colonel Baird Smith's report.

7. I do not, in the least, doubt that the gradual and cautious concession of a guarantee of permanency to the settlement of the land revenue in the North-Western Provinces, generally, will be productive of all the advantages which Colonel Baird Smith and Mr. Muir, in even great detail, have depicted. Judging by the effect of settlements for long periods, it may be safely anticipated that the limitation of the Government demand in perpetuity will, in much larger degree, lead to the investment of capital in the land. The wealth of the agricultural classes will be increased. The prosperity of the country and the strength of the community will be augmented. Land will command a much higher price. The prospective loss, which the Government will incur by relinquishing its share of the profits, arising from extended cultivation and improved productiveness, will be partly, if not wholly, compensated by the indirect returns which would be derived from the increased wealth and prosperity of the country at large.

8. Nor should the minor advantages of freeing the people from the vexation and exaction which are inseparable from a periodical settlement of the land revenue; of saving the large expenditure which each revision of settlement entails upon the Government; and of removing the temptation, which the approach of each such revision holds out to land proprietors of temporarily deteriorating their property, be disregarded. These are all burthens, which bear, with more or less severity, on the Government and on the people, and, if they can be got rid of without lasting detriment to the revenues of the State, few will be found to offer any opposition.

9. It must also be admitted, I think, that the settlement of the Government demand in perpetuity will be politically wise. It is true that in Behar, and also in some of the districts of the Benares Province (notably Ghazeeapore) which are permanently settled, the rebellion of 1857-58 was not less general or less determined than in other parts of these Provinces which are under temporary settlement. But these manifestations of feeling must be regarded as having been the result of exciting causes having but a transient influence, and can hardly detract from the force of the conviction that the absolute limitation of demand upon their land will be received by an agricultural people with the highest satisfaction, and will produce, if anything can, feelings of attachment to the Government, and of confidence in its desire to promote the best interests of the country.

10. But it certainly appears to me that the introduction of a permanent settlement must be subject to certain conditions, exceptions and reservations, and that some years must pass away before the measure can be consummated. Precipitancy in a matter of this vast importance is to be deprecated, as pregnant with injury both to the Government and the people.

11. The primary condition is that the existing settlements in the districts of these Provinces must be revised with the utmost care and deliberation before they are declared to be permanently binding upon the people and the Government. These settlements were effected under the able direction of the late Mr. Robert Merttins Bird by a selected agency; but it was only gradually that the intricacy and complication of the work were evolved, and that the system was adequately elaborated. It is no reproach to those who were engaged in this difficult and important operation, to hold that mistakes must have occurred; that inequalities must prevail, some villages being overburthened, while others are insufficiently assessed; and that the mere march of time, with its attendant changes, has disturbed arrangements which, at the time, may have been just and sufficiently appropriate.

12. To perpetuate these inequalities, which are known to exist, would be unfair both to the Government and to the people. Under the system of temporary settlements, it is possible, periodically, to adjust the burthen of the demand upon the land by raising the assessments, where they are so low as to leave an extraordinary profit to the proprietors, in order to compensate for the relief that must be given to those estates which are depressed by the weight of a demand, which their assets are insufficient to meet, or which they can meet only with great

difficulty. A settlement once declared by law to be perpetual, this power of periodical adjustment will cease; and the loss arising from unavoidable reductions, or, alternatively from constant remission of unrealisable balances, will fall upon the Government; while the proprietors of estates which are under-assessed will be in the enjoyment of profits, whether from extended cultivation or other cause, to a share of which the Government would be fairly entitled, but which they will be debarred from claiming if the existing settlement be perpetuated without revision.

13. On the other hand such perpetuation, without the previous enquiry which all agree in advocating, would be no less unfair to the people upon whom the burthen of taxation ought to fall equally. The proprietors of over-assessed estates would be borne to the ground by an insupportable weight which they could never throw off. They would be taxed at a rate double or treble of that applied to their more fortunate neighbours, and so be suffering for the benefit of those whose obligations to the Government are nowise different. Improvement would be out of the question. Alienation of the property would, in all probability, be the issue. Conversely, the parties possessing landed property inadequately assessed to the Government revenue, would be exempted for ever from their fair contribution to the necessities of the State, and would have an undue advantage over their brethren "in the race of improvement." Under such circumstances there could not but be much dissatisfaction and discontent, and these not unreasonable, instead of the gratification and the confidence and the security which it is the object of the contemplated measure to produce.

14. Another consideration which makes this condition of a preliminary revision more obligatory is that all the districts in these Provinces have a similar and an equal right to benefit of the rule by which the proportion of the assets, hitherto appropriated as land revenue, has been reduced from $\frac{3}{5}$ to $\frac{1}{2}$. The district of Saharanpore has been resettled already, and has been admitted to the advantage of this rule. In the settlements which are now progressing in the districts of Muzaffernuggur, Boolundshulur, and Gorakhpore, the same principle has been from the first observed. And there can be no just reason for excluding from the benefit of this rule, whatever that may be, those districts which have not yet come under resettlement. This, however, is an injustice to which the declaration of perpetuity, without a previous revision of settlement, would give rise.

15. The necessity, then, of this revision cannot, I think, be denied. It must be carried out, as the settlement of each district falls in, by the best agency that can be secured, and with all the precautions that are within our reach, as pointed out in the 47th and 48th paragraphs of Mr. Muir's Minute. The settlement so revised, after being submitted to the scrutiny of the superior Revenue authorities, and being confirmed by the Government, would be declared perpetual, in pursuance of authority which should be given by a law in that behalf either to the Governor-General in Council or to the Local Government.

16. But I am of opinion that certain districts of these Provinces must be *excepted* for many years to come from this measure, and there will not be, as Mr. Muir has observed, any repugnance to the terms of Regulation IX of 1805 in this postponement. The great benefits of a permanent settlement being admitted, it almost savours of injustice to deny them to one or more districts, while they are conceded to others; but the Government is entitled to bear its own interests in mind, and it is on this ground that I would exclude the following districts from the operation of the measure contemplated, until they shall have attained to "a sufficiently improved state of cultivation" to warrant the concession:—

First.—The Terai District is almost entirely unreclaimed. It has an extensive area and fertile soil. But it is very sparsely peopled, and the climate is so insalubrious that people are found unwilling to settle there, even on very favourable terms. In this respect improvement will be gradually effected by draining the swamps and leading the water into artificial channels for purposes of irrigation; but, until this be accomplished, the population increased, and cultivation extended, this Terai District cannot yield a revenue bearing any reasonable proportion to its area, or its latent capabilities; and I cannot advise that the Government, by making a settlement in perpetuity, should shut itself out for ever from its legitimate share of the profits, which will accrue as the reclamation and material improvement of this tract progresses.

Second.—The District of Ajmere does not appear to me, as at present advised, to be ripe for a permanent settlement.

These three districts belonging to the Jhansi Division lie on the right bank of the Jumna

3rd.—The District of Jhansi.

in Bundelcund. They are at present in a very

4th.—The District of Oraie.

backward state, and are peopled by races who are the

5th.—The District of Lullutporc.

least industrious and least enterprising of agriculturists.

There are extensive areas lying waste,

which cannot, I conceive, be reclaimed for years to come, even though capital should be forthcoming, simply because the population is in no due proportion to the extent of land which is available, and because the climate of Bundelcund is so uncongenial to the natives of other parts, that new cultivators will not accept land there so long as it is to be had elsewhere.

17. It may be reasonably anticipated that in the course of time, and under the encouragement of a light assessment, and a more settled state of things than has usually existed in these quarters, the breadth of cultivation will be extended, and the prosperity of the people be improved. That these results might be in some measure accelerated by a perpetual limitation of the Government demand, as contended for in paragraph 54 of Mr. Muir's Minne, I will not take it upon myself to deny; but I think at the same time that the sacrifice of prospective

revenue will be greater than the Government is called upon to accept, and that the measure will be premature in its application to districts which for the most part have been in our possession for no more than eight or ten years.

18. In respect of their physical features these districts resemble Humeerpore and Banda, and the Trans-Jumna pergunnahs of Allahabad, and so far the description given in paragraph 52 of Mr. Muir's Minute applies equally to all; but there is no question that Banda and Humeerpore, which have been under British rule since 1804, are in a more advanced, and also in a more settled condition, notwithstanding that the former has suffered grievously from repeated over-assessment, and is only now recovering slowly from the depression to which it was reduced, under the operation of favourable settlement recently effected in a summary way.

19. It is to be regretted that statistics are wanting for the three districts of Jhansie, Oraie and Lullutpore, and, therefore, their condition cannot be accurately compared with that of Humeerpore and Banda. But, in respect to these latter, the Report on the Census of the North-Western Provinces, taken on the first of January 1853, affords data which enable us to compare them with the other districts of these Provinces to which, it is agreed, a permanent settlement may be given; and this may conduct us to a decision of the question now under notice, namely, whether the districts of Banda and Humeerpore may be included in the measure which is contemplated. There are no data more recent than those referred to, and some changes must have taken place since, but these need not interfere materially with the deductions.

20. According, then, to this Census of 1853 the average rate of population in the North-Western Provinces was 420 to the square mile, and the percentage of "agricultural" on total population was 64·7. In Humeerpore the former was represented by 245, and in Banda by 247; while the latter was represented by 71·9 in Humeerpore, and by 69·0 in Banda. Here one great difficulty, against which these districts have to contend, is made apparent. It is, to use the words of the Report, "the scantiness of population as compared with the arable land, and the cry is not for broad acres to till, but for strong arms to guide the plough." The same fact is further shown by a comparison of the area in the hands of each agriculturist, which amounted in Humeerpore to 3·63 acres, and in Banda to 3·75 acres, while the general average in the Provinces was 2·86 acres.

21. Still, notwithstanding this difficulty, the proportion of cultivated to total area in these two districts does not contrast so unfavourably as might have been expected with that recorded in the report of other districts possessing much superior advantages.

The general average for the provinces of the "percentage of cultivated on total area" was

In Humeerpore	53·6
In Banda	48·9

In Humeerpore, then, at the time the Census was taken, the proportion of cultivation was in excess of the average, while in Banda, though 10 per cent. under the general average, it was little below the percentage in Gorakhpore (47·5); Azimghur (49·5); Bijnore (48·5); Moradabad (48·6); Shahjehanpore (48·4). All these, Azimghur excepted, are Sub-Himalayan Districts, possessing belts of forests, but they still afford a tolerably fair standard of comparison. It may, however, be desirable to examine the extent of *barren* area which each possesses, and the proportion of the culturable assessable area which was under tillage at the time of the Census.

22. The percentage of barren acres on the total area is stated in the report to be in the district of—

Bijnore	38·4
Moradabad	18·6
Shahjehanpore	18·6
Humeerpore	23·2
Banda	22·5

while of the whole culturable assessable area is cultivated—

In Bijnore, a proportion of	70·3
Moradabad	63·3
Shahjehanpore	36·8
Humeerpore	58·9
Banda	33·8

In the comparison of the "percentage of cultivation on total area," those districts which possess the largest extent of barren acres, show, of course, results much worse than in point of fact exist. The relative condition of the districts in regard to existing cultivation and future capabilities of extension will be more clearly exhibited by the proportion of the *culturable* area which has been brought under the plough; and, tested in this way, Humeerpore is nearly on a par with the prosperous district of Moradabad, while Banda, with all its disadvantages of inadequate population, climatic, difficulties of irrigation, and past misfortunes, is not far behind Shahjehanpore, which has a population of 427 to the square mile.

23. All the circumstances considered, I must express my opinion that there is no sufficient reason for excluding either Banda or Humeerpore from the benefits which are expected to result from a permanent settlement, if that boon be given to the province of Rohilkund, and to the districts of Azimghur and Gorakhpore, even though, as I am aware, the latter district has made great advances since the time when these statistics were collected. If we are to be guided by the declaration of Section 7, Regulation IX of 1805, then, I think, regard being had to the peculiarities of Bundelkund, it must be held that the districts of Banda and Humeerpore have

attained, as compared with other more favoured districts, to "a sufficiently improved state of cultivation" to warrant the concession of permanency to their settlements after these have been duly revised.

24. Neither would I be disposed to exclude the Trans-Jumna pargannahs of the Allahabad District. I believe that they are very backward, and that the people are extremely ignorant, slothful and unenterprising; but they compose only a small portion of the Allahabad District, and it does not seem to me to be worth while, for the sake of the small enhancement of revenue which might be derived from them in years to come, to except them from the operation of a measure which will be applied to the rest of the district to which they appertain.

25. It may be left for future consideration whether the district of the Dehra Dhoon, in its very peculiar circumstances, shall be brought under a permanent settlement. There, as in the hill districts of Kumaon and Gurkha, I should be disposed to leave the effect of the Resolution of the Governor-General in Council, dated the 17th of October 1861, relative to the purchase, in fee simple, of the waste lands, and to the redemption of the land tax, to develop itself, before attempting to introduce the measure now under consideration.

26. But the most difficult section of this important subject remains to be considered. If the public demand on the land is to be fixed for ever, how is the right of the Government to a share in the enhanced profits, produced by irrigation from canals which have been constructed, or which, being now in progress, may be hereafter completed at the sole cost of the Government, to be protected and secured? I have viewed this question in every light, and I have bestowed upon it my most anxious consideration; but I cannot say that I have arrived at any conclusion which is satisfactory to me.

27. All the facts and the embarrassments arising out of them are clearly stated by the late Colonel Baird Smith, and the question is ably discussed, in its various aspects, by Mr. Muir, the Senior Member of the Sudder Board of Revenue, North-Western Provinces, in paragraphs 62 to 77 of his Minute. It is needless for me to go over the ground which has been already trodden; but I shall be expected to express an opinion as to the course which should be preferentially followed.

28. The following propositions seem to be undeniable. The Government has an unquestionable right to derive a profit from canals which have been constructed, or may be hereafter constructed, solely at the public cost. This profit is divisible into two elements, namely, the one, water rent, or the price of the water furnished by the Canal; the other, the increased land revenue arising from the improved productiveness of the land, and, consequently, the enlarged assets due to irrigation from the canal. This enhanced value of their lands being due in no way to the application of their own capital, the landholders and others, who use water from the canal, may be justly required to pay to the Government a share of the profits which they derive from it.

29. To protect the interests of the State under a land settlement, declared to be permanent, of those districts which have canals of irrigation executed at the sole cost of the Government, or which may hereafter receive them, Colonel Baird Smith proposes, in paragraph 158 *et seq.* of his Report, the formation of "an Irrigation Survey and Settlement Establishment," by which "the value of irrigation, as influenced by differences of level, of soil, of supply, and so on, would be determined by close and careful enquiry on the spot, and rates of water revenue, checked and guarded with as much care as those of land revenue, would be obtained, and applied in fixing at a light and equitable total, the demand of Government for water." It is apparently a condition of Colonel Baird Smith's scheme that the water should be delivered "by specific volumes" (paragraph 156), "by measure through regulated outlets" (paragraph 165). He proposes that, ultimately, the canal revenue should be consolidated with the land revenue, the demand being "carefully discriminated in record and account, and credited duly to the land revenue and the Irrigation Departments in its proper proportions."

30. Had the Ganges Canal, the canals in Rohilkund, and other irrigation works in progress reached their full development as the Eastern Jumna Canal is believed to have done, and were there no probability of other similar works being undertaken, the application of Colonel Baird Smith's system (if feasible in itself) would perhaps offer the best means of securing to the Government its fair share of the profits due to the employment of its capital on the execution of the works in question. But this is in no wise the fact. It is calculated that not less than 1,000 miles of main distributing channels (*rajbulns*) remain to be excavated in the divisions of the Ganges Canal; and even when these shall have been completed, the irrigation will not be developed until the villages generally within reach of the canal shall have acquired confidence freely to take the water, and until the village water-course shall have been prepared. These results cannot be brought to pass within the currency of existing settlements of the land revenue so as to admit of the "irrigation settlement" proceeding simultaneously, and *pari passu* with the contemplated revision of the public demand on the land before declaration of perpetuity. And even if there were any reasonable prospect of this, the execution, hereafter, of other works of irrigation would create the same difficulty and it would need to be surmounted somehow.

31. I am afraid, too, it must be admitted, as argued by Mr. Muir, that it is hardly possible to lay down any rule whereby "the power of the Government to take the increased profits due strictly to the influence of its own capital, could be defined and limited in a satisfactory and absolute manner," in the case of a reservation being made to Government of a right to

Paragraph 70 of Minute.

assess profits, due to the operation of its own canals, when fully developed. Nor can I think that Mr. Muir's objections to any such reservation are weak or groundless. The people are

peculiarly suspicious of the intentions and the purpose of the Government, and they would not fail to regard any reservation of such a right as a practical abnegation of the permanency which it would profess to give to its demand on the land.

32. What is apparently contemplated by Colonel Baird Smith's scheme is the assessment of differential water rates, determined by differences of level, of soil, and of supply; but Mr. Muir holds that such an assessment could not be carried out, on the introduction of a permanent settlement, "without a special reservation sanctioning it in the act of perpetuity,"—because it would be an assessment rather on the increased productiveness of the soil, already assessed in perpetuity, than on the water.

33. On another occasion, when this subject was brought before me, I expressed my belief that, "by the spontaneous and united action of See note to paragraph 72 of Mr. Muir's Minute. the Collector and the Canal Officer, an assessment of differential water-rates might be carried out in such a way as to secure a fair equality of burthen on account of these rents; to bring to the credit of the Canal Department the amount of revenue which it is entitled to claim; to leave the land revenue consequently 'a fixed and unvarying quantity'; and, while giving satisfaction to the people, to obtain for the Government its just share of the increased assets arising from works of irrigation constructed at its sole cost." At that time the question of a permanent settlement had not been mooted, and the complications arising out of the declared permanency of the public demand on the land were not in my view. It seemed to me that the increased value acquired by different lands, and by the same classes of soil in different localities, might be determined; but this process would certainly proceed, in some measure, on considerations of "the increased productiveness of the land itself," and in the case of a district the settlement of which should have been declared perpetual, would be barred, unless there were an express reservation, the expediency of which is more than doubtful.

34. Still, if the scheme of assessment at differential rates is in itself feasible, it might be put in execution *simultaneously* with the revision of the land revenue. But here again the difficulty which has been already noticed interposes, namely, that the system could be applied only in canal districts, where the irrigation should have reached its largest development; and it follows as a consequence that, if this plan were chosen, the settlement of very few of the districts adjacent to the Ganges Canal and its branches, or to the canals in Rohileund, could be declared permanent for years to come. And as it must be assumed that as time advances other works of irrigation will be projected, the postponement above indicated would be almost tantamount to a denial of a permanent settlement *in toto*.

35. The only officer, however, possessing a long and intimate experience of the irrigation system, whom I have had an opportunity of consulting as to the feasibility of Colonel Baird Smith's scheme, entertains very serious doubts on the point. If, as has been assumed above, it is a condition of that scheme that the water shall be delivered by measured discharge through regulated outlets, then, according to my adviser, this would be the first obstacle to success. Admitting that in theory this system is quite unimpeachable, he holds that on the Ganges Canal it is at the present time certainly impracticable. The grounds on which this opinion rests are briefly stated in the following extract from an official letter on the subject:—

"The Pymana system*** requires, as an essential element, that the pressure of water over an outlet shall be maintained practically invariable (0.3 foot). To provide for fluctuations in the volume of water carried by a rajbuha, and to keep the pressure over an outlet constant, some device similar to the modules in use on the canals of Lombardy is necessary. But it has been found by experience that the station module fails on all canals hitherto constructed in this country, owing to the presence of silt in the water. Silt not only renders the fluctuations in the volume of water entering a rajbuha head too great for the module to control, an evil which, if it existed singly, might probably have been remedied, but it chokes up the module itself. Various ingenious modifications of the module have been, from time to time, proposed with a view to adapt it to our canals, but up to this date none have been reported successful. Thus, then, the introduction of the Pymana system on the canals of these Provinces generally is, at present, impracticable.

"Supposing, however, that this difficulty were overcome, and that some mode of maintaining a constant pressure of water over irrigation outlets were devised, it would be still premature to introduce the Pymana system on the Ganges Canal even at this stage of its progress. Payment for water by known volumes implies a contract between the Canal Officer and the cultivator. How are the terms of the contract to be determined? The Canal Officer knows very imperfectly, the cultivator not at all, what volume of water is required to irrigate a certain area of land. The difficulty of arriving at a satisfactory conclusion on this point is enhanced when several kinds of crops, each demanding a different amount of irrigation, have to be provided for. The data required can be obtained only by extended experience.

"Again, no scheme for supplying canal water on contracts, based either on a standard measure, or an average of past years, can succeed until all irrigation outlets are constructed of masonry, or other material of a permanent nature. That this is not easy of accomplishment may be proved by a reference to the Eastern Jumna Canal, from which irrigation has been carried on for the last 30 years, with every desire on the part of the several officers, who have held charge of that canal, to substitute masonry for wooden outlets; but the task up to this date has been but imperfectly executed.

"Lastly, for the satisfactory fulfilment of contracts on the side of the Canal officers, it is absolutely necessary that the volume of water carried by a canal should be liable to the minimum of variation; that, as in the case of the Ganges Canal, the portion of the whole volume to be allotted to each division of the main canal, and to each branch, should be rigidly determined;

and that the whole of the minor branches, or rajbhikas, should be completed both in number and in working details. How far these necessary provisions exist on the Ganges at the close of this the eighth year of its existence it is needless to point out.

"The remarks in the last two paragraphs, though made with reference to contracts generally, apply with especial force to the Pymana system, which is indeed a system of contracts founded on refined scientific principles."

36. But even if these obstacles to the distribution of canal water by measured discharge should be overcome in the course of years, the officer alluded to believes that the work of making a differential assessment of the nature contemplated, will be so beset with complications and difficulties, that the result will be very unsatisfactory. Colonel Baird Smith indeed (paragraph 77 of Report) felt confident that there would be no serious difficulty in "the working out of plans whereby the influence of canal action might be made compatible with a perpetual settlement of the land revenue," and he must in his own mind have had a full conception of these plans; but he has not, unfortunately, developed them in his Report, and his lamented death has deprived the Government of the details, which he would have ably elaborated, of the system he contemplated.

37. If, then, the declaration of perpetuity, in respect of the public demand on the land in the North-Western Provinces, cannot be deferred until works of irrigation in progress shall have reached their full development; if, in the declaration of perpetuity, no reservation can be made to Government (without risk of exciting distrust) of the right of assess profits arising from the action of canals, constructed solely at its own cost, on their attaining to their full development; and if, consequently, the assessment of differential rates of water rent is barred, in that it must be guided, in some measure, by the increased productiveness of the land on which the public demand will have been declared fixed for ever; if these things must be, the only resource left to the Government appears to be that which has been suggested by the Senior

Paragraphs 73-76 of Minute.

Member of the Sudder Board of Revenue, namely,

that the rates of water rent should be raised, in

order to make some compensation to the Government for relinquishing prospective accessions to its land revenue on the recurrence of periodical settlements. But in this even great caution will be necessary, lest the Government defeat its own purpose. On the Eastern Jumna Canal, which has been in native operation for 30 years, and has, in the course of this period, so superseded all other modes of irrigation as to render the people almost entirely dependent upon it, the price of water may, it is believed, be raised very considerably without any fear of diminishing the demand for it. But the Ganges Canal is in its infancy. It was opened only in 1855, and then but partially, very few of the distributing channels having been excavated. In the terminal divisions (Cawnpore and Etawah) these are still very backward. Nowhere is irrigation from it developed to nearly its full extent. The people have not yet acquired sufficient confidence to take the water freely, and they are by no means dependent upon this source of supply. The imposition of largely increased water-rates, at the present time, and for some years to come, would have the effect of checking, perhaps putting a stop altogether to, irrigation from the canal, which it must be the object of the Government, both for its own sake and for the sake of the country, to encourage and foster by all possible means.

38. In view of the large sacrifice to which the Government must submit by giving permanency to a settlement of the land revenue in these "zones of irrigation," before the sources of

See Tables in paragraphs 66 and 74 of Colonel Baird Smith's Report, as showing the effect of canals in adding to the value of the gross produce of the land, and, consequently, in increasing that irrigation have been fully developed, I should have been disposed to advise the postponement of the measure for such period as might be necessary to bring about the development, but that the arguments advanced in paragraphs 64 and 78 of

Colonel Baird Smith's Report are convincing as to the wisdom of its earlier execution, and further that the difficulties which have been discussed in these papers must recur hereafter, if, as may be assumed, the action of the Government in respect of works of irrigation should not cease with the completion of those now in progress.

No. 11.]

No. 803, dated the 25th June 1862.

From—J. D. GORDON, Esq., Officiating Junior Secretary to the Government of Bengal,
To—E. C. BATLEY, Esq., Secretary to the Government of India.

* Reminder to
No. 1864, dated 7th October 1861. Vide
October 1861. Paper No. 2.
I am directed to acknowledge the receipt of your letter No.* 1474, dated the 20th March last, requesting the early submission of the Lieutenant-Governor's opinion on the question of a permanent settlement of the land revenue of the Lower Provinces, discussed in Colonel Baird Smith's Famine Report.

2. In reply to the above-mentioned urgent call, the Lieutenant-Governor desires me to say that he has already, as a Member of the Governor-General's Council, recorded his opinion in favour of a permanent settlement of the land revenue, wherever it can be effected without any undue sacrifice of the financial interests of the State.

3. In submitting for the consideration of His Excellency the Governor-General in Council the accompanying copy of a letter, No. 146, dated the 10th instant,† from the Board of Revenue, I am to state that the Lieutenant-Governor can find nothing in it to shake the opinion already expressed in respect to any of the districts under the Government of Bengal, to which a permanent settlement has not yet been granted; but that he will hereafter submit his views on this important subject in greater detail, when he has had an opportunity of discussing it with the local officers, and of considering the means whereby the measure, if deemed expedient, may best be carried into effect.

^t Vide Annexure
No. I.

4. Although, strictly speaking, the Board are right in saying that a settlement of the land revenue, as between the Government and the person admitted to settlement, is a mere matter of contract, and that legislation is not necessary to give validity to a permanent any more than to a transitory one; yet the Lieutenant-Governor has no doubt that the enunciation of a new lasting principle, in reference to the settlement of the land revenue in several large divisions of the Lower Provinces of Bengal, to say nothing of the rest of India, would most fitly be confirmed, as in 1793, by legislative enactment.

Annexure I to No. 11.

No. 146, dated the 10th June 1862.

From—H. L. DAMPIER, Esq., Secretary to the Board of Revenue,
To—The Secretary to the Government of Bengal.

In reply to the Officiating Under-Secretary's letter No. 1153 A. dated the 15th November last, I am desired by the Board of Revenue Messrs. A. Grote and H. D. H. Fergusson. to report on the subject of extending the permanent settlement to those districts of Lower Bengal which are now temporarily settled.

2. The Board fully concur in Colonel Baird Smith's opinion of the advantages to be derived from fixing in perpetuity the Government demand of land revenue as a general measure, and one which, in course of time, should be extended to all districts; and they have given their careful consideration to the circumstances of each temporarily-settled district within their jurisdiction.

The temporarily-settled divisions are—

(I)—Cuttack,
(II)—Assam,
(III)—Chota Nagpore,

and the districts—

(IV)—Darjeeling, and
(V)—Cachar,

which will now be noticed in detail.

3. *Cuttack.*—Mr. Shore, the Officiating Commissioner of Cuttack, has gone thoroughly into the question as regards his division. He has no doubt that a permanent settlement would be very acceptable to the people, and that means are available to enable us to make a very just and equal distribution of the public demand. Indeed, this distribution has already been well made in the detailed thirty years' settlement, which has still five years to run. Owing to the general excellence of the work, the value of landed property has so greatly increased that very few estates, he believes, have, in ordinary seasons, any difficulty in paying their revenue; and he believes that almost every zemindar would prefer the perpetuation of his settlement on existing terms to a re-settlement. Moreover, he is of opinion that a detailed re-settlement of the Province, previous to the demand being permanently fixed, would not greatly benefit either the Government or the people. As to the interests of the people, all subordinate rights and tenures were ascertained and defined at the last settlement, with a precision that leaves nothing to be desired; and as regards the advantage to Government, he doubts whether a re-settlement would result in an increase of revenue commensurate with the expense that it would entail. The large addition made to the rent roll of the Khoordah estate at the late re-settlement was caused by waste lands having been brought into cultivation, but the proportion of such lands in other parts of the Province is inconsiderable; and culturable but uncultivated lands were assessed, though lightly, at the last settlement.

4. In the event of a re-settlement it will be impossible, Mr. Shore observes, not to concede to the zemindars 40 per cent. instead of from 30 to 35 per cent. as malikana, the higher amount having already been allowed in the more recent settlements. The decrease of revenue from this cause might be obviated by raising the rates of assessment all round in some proportion to the increased value of the produce of the land; but though the pressure would thus be made more equal, it is doubtful whether, on the whole, either the Government or the people would be gainers by such a re-adjustment. It is further to be remembered that nothing remains to be gained by resumptions.

5. Mr. Shore next discusses the question whether, after the settlement is made permanent, remission of revenue should be granted, as it is now granted, on the occurrence of calamitous seasons. Sales for arrears of revenue have been very rare, but sales in satisfaction of decrees are common, and many of these sales have been owing to difficulties caused by calamitous seasons, when the zemindar has been obliged to borrow money to save his estate from sale, only at last to see it go for a very inadequate price, in consequence of his inability to repay the loan. With a demand perpetually fixed, Mr. Shore would limit remissions to the single case of *loss by inundation*. It may almost be assumed, as an ascertained fact, that the embankments must give way, if the river rises beyond a certain height. This has occurred twice in his experience as Collector. With this as a condition of a permanent settlement, and a malikana allowance of 40 per cent., he is confident that the large zemindars at least, whom specially it should be the policy of Government to encourage, would be able to endure even a succession of bad seasons, and at the same time to give a fair measure of relief to their tenantry. This opinion, he observes, was held by Mr. Samuels, notwithstanding the

apprehension entertained by Messrs. Ricketts and Mills, that even with 40 per cent. malikana no settlement could stand, unless supported by relief in the shape of remissions on the occurrence of tho exceptionally unfavourable seasons to which Cuttack has always been liable.

6. No great works of artificial irrigation existed or were anticipated when the current settlement was made, but the assessment was always fixed with reference to natural facilities for irrigation, and these may probably be seriously interfered with by the projected extensive irrigation works. This difficulty, however, might be met by a reduction of rates equal in each case to the estimated injury to the land; the revenue being, of course, more than restored by the new water-rates. Without some such means of solving the difficulty, a permanent settlement in face of an impounding scheme of irrigation by canals, seems to the Commissioner scarcely practicable.

7. Mr. Shore is of opinion that the right of Government to levy an excise duty on certain specified articles should be specially reserved in concluding a permanent settlement.

8. The Commissioner further points out that there are already a number of permanently-settled estates in the Province. These are the zemindaries mentioned in Regulation XII of 1805, and consist of wild tracts of hill and jungle. Although these estates are inferior to those of the Moghulbundees in every respect in which the prosperity of a country can be tested, the difference is principally due to the nature of the country and the character of the people and their landlords, and no argument against the advantages of a permanent settlement can be drawn from their backwardness.

9. On the question of the advantage of giving legislative sanction to temporary settlements, Mr. Shore remarks that in Cuttack such a measure is not called for, the people already placing entire confidence in the good faith of Government.

10. The Board are of opinion that, in the present condition of the Province, all rights having been settled, the value of land having increased, and there being very little unoccupied waste area left in Moghulbundee, the time for fixing the demand has come, and they would recommend the measure at once, but for two difficulties. These are the contemplated introduction of an extensive scheme of irrigation, and the probable unwillingness of the zemindars to give up their claim to remissions on the occurrence of calamitous seasons.

11. With the first question pending, to extend the right of landholders would be unadvisable and would create difficulties. For this reason, and referring to the remarks of Colonel Baird Smith, in paragraph 60 *et seq.* of his Report, on the relation between irrigation schemes and fixity of the Government demand, the Board think it desirable not to give any guarantee for the permanency of the present settlement until it be ascertained what effect the irrigation measures may have on the Province. The remaining term of the present settlement (five years) will probably give sufficient time for so doing.

12. With regard to the second point, the Board would insist on the zemindars resigning all right to remission on any grounds whatever (even the breach of the embankments), on the demand being permanently fixed. The Commissioner seems confident that the large zemindars will be able to bear all risks of seasons. If a permanent settlement be given, it would be necessary to decide what share of the embankment and sluice charges would in future fall on the zemindars.

13. The gain to Government from fixing the public demand will be wholly indirect. The zemindars would take increased interest in the management of their estates, and do their best to widen the present margin of their profits. The official sanction given to the present rates of rent would be withdrawn, and the owners would be at liberty to raise them in accordance with the provisions of the Rent Law. The relations between the zemindars and their tenantry would in fact be on the same footing as they now are in the permanently-settled districts of the Lower Provinces. As an additional argument in support of the Board's view that the settlement should not be declared permanent till the five years for which it still has to run shall have expired, it may be observed that the present rate of each tenant's rent being guaranteed to him under the current settlement, the power of raising the rents could not be exercised by the zemindar till the expiration of the five years.

14. It is possible that revised arrangements might be necessary regarding the Canoongoes and Surburakars. On this point further report has been called for from the Commissioner.

15. *Assam.*—The Commissioner of Assam, Major Hopkinson, observes that the state of the Upper Provinces is so different from that of Assam, that the grounds on which a permanent settlement might be desirable in the one do not apply to the other. He regards Lieutenant-Colonel Baird Smith's objections to the settlements in the North-Western Provinces as being directed not so much against the system of temporary settlements (for there may be over-assessment under any system) as against the rates imposed. The permanent settlement, he observes, would probably not find the favour it does in Bengal, were it not that it is a perpetual settlement of a moderate assessment. In Assam, where the population mainly consists of peasant proprietors, each man cultivating on his own account, a land tax assessed on the area of each man's cultivation is substantially an income tax. So long as it is kept within moderate limits, it will pass as lightly on the people, to say the least in its favour, as an income tax would do, it will no more check cultivation than an income tax checks trade, and there is no more reason for making a perpetual settlement of it with some third party, by whatever name he may be called, than there is for so settling the tax under Act XXXII of 1860.

16. Major Hopkinson expresses his doubts as to the share the perpetual settlement has had in producing the superior prosperity of Bengal, as compared with the Upper Provinces. He thinks the natural advantages of Bengal would account for a yet greater difference. He observes that the Regulation District of Gowalpara, which is permanently settled at only Rs 14,000, has not made more rapid advances in prosperity than the neighbouring Non-

Regulation District of Kamroop, with its annual revenue of upwards of $3\frac{1}{2}$ lacs. He chiefly values the perpetual settlement of Bengal, because it has taken the place of the system of farming the revenues, which he regards as the worst of all systems.

17. Major Hopkinson holds a land tax on the ryotwar principle to be the most expedient way of raising a revenue in Assam, and would have it subject to enhancement from time to time in proportion to the rise in the value of the produce of the soil and of labour, and to the depreciation of the metallic medium. To this enhancement he looks as a means of creating resources for reproductive works, the increase levied being disbursed among the people from whom it is taken in the shape of wages for their labour. If it be granted that a permanent settlement is desirable for Assam, Major Hopkinson enquires with whom it should be concluded in the absence of any actual proprietors of land between the ryots and the Government? Under the former Native Government, not only the land but the ryot was the property of the State.

18. With reference to the proposal to secure temporary settlements for long periods by legislative enactments, Major Hopkinson remarks that such settlements could in Assam be made with farmers only, and of all systems he looks upon that of farming the land revenue to be the most indefensible, especially for Assam.

19. The Board, without concurring in Major Hopkinson's views on the general subject of a permanent settlement, agree with him that, under all the circumstances, a permanent settlement of the Assam Province at present would not be expedient. There is in fact no one with whom such a settlement could well be made. The Government must sell or confer a proprietary title before the question of settling the demand in perpetuity can arise. They do not recommend any alteration in existing arrangements which have answered well in the Province.

20. *Chota Nagpore*.—In the Chota Nagpore Division the estates are all permanently settled, with the following exceptions:—

Khalsa Palamow; the Colehan of Singbboom; some resumed mehals in Khuruckdea; Kodurmah, a confiscated estate; two other confiscated estates in the Chota Nagpore Zemindaree, and the Porahat Estate.

21. Major Dalton recommends a permanent settlement of the Khuruckdea Mehals and the Kodurmah Estate with the Ticeadars. By the existing settlement a fair assessment has, he observes, been obtained, and no loss to Government is to be apprehended. The Board have found it necessary to call for further information on certain points, on receipt of which they will submit a definite proposition for the permanency of these settlements, if advisable. The Commissioner does not recommend the extension of the arrangement to the other estates. Palamow is under survey, and there are large tracts of arable waste well suited for cotton and other valuable products, which should be reserved for grants; moreover, but few of the farmers can claim even a long interest in the villages which they hold. In the Singbboom Colehan, the existing settlement with the Mankees, who have no proprietary rights, is of a peculiar character, and affords no data for a permanent land-revenue assessment; nor could enquiries be made during the currency of present engagements without seriously disturbing the minds of the people. The Commissioner believes that some of the Mankees would, if invested with proprietary rights, follow the old policy of the Coles in excluding all Hindoos from their estates. The confiscated estates in the Chota Napore Zemindaree have only recently been acquired, and no regular settlement or survey of them has yet been made, nor any steps taken to define rights. Of the Porahaut Estate, the Commissioner appears to consider a perpetual settlement to be barred by the orders of Government to his address, No. 2668, dated the 6th December 1858, which directs that the settlement be for twenty years.

22. As to the bestowal of legislative sanction on existing temporary settlements, Major Dalton sees no necessity for any such measure. The settlements made under the existing law have all the validity that is required.

23. The Board concur with Major Dalton as to the propriety of his proposed exclusion from permanent settlement for the present of the estates mentioned above.

24. *Darjeeling*.—The Superintendent of Darjeeling, Dr. Campbell, observes that the Rules of 1859, under which waste lands may be had in fee simple, together with the late Resolution of the Supreme Government, have settled the question of a permanent settlement in the Hill Territory, and a great portion of the Terai in which there are no rights of previous occupancy. As regards that part of the Terai which came into possession of Government in 1853 by confiscation from the Sikkim Rajah he observes that this tract, which contains nineteen mouzahs, divided into 852 jotes, was first settled for three years at a jumma of Rs. 28,361-14-0, and afterwards a ten years' settlement was made at a jumma of Rs. 38,159-4-0 $\frac{1}{2}$. This settlement, which will expire on the 30th of April 1863, although yielding 40 per cent. more than the Sikkim Rajah's late jumma from the same tract, has stood well, it having been found necessary to remit Rs. 450 only for causes other than diluvion, and no revenue sales having taken place. The area in cultivation has much increased, and land which in 1850 was not saleable at one year's rent now frequently changes hands at six years' purchase. The Chowdries, ten in number, have petitioned for a long settlement, and Dr. Campbell recommends that the settlement of 1853 be made permanent. In the case of those jotes settled on ten years' leases, which have been cleared and settled since the general settlement, and usually at low rates, the Superintendent would re-adjust the assessment before fixing the demand in perpetuity. If a permanent settlement should not be granted, the Superintendent recommends a period of fifty years, and at all events thirty years for the next settlement.

25. From a later communication from the Officiating Superintendent, Captain Murray, the Board learn that there is not much jungle land in the old jotes which were settled in 1853

(perhaps one-sixteenth of the whole area), and Mr. Wake sees no reason for recommending that the re-settlement which must now be made should be for a longer period than ten years.

26. The Board are of opinion that a permanent settlement of the Terai at present would be premature. The conditions of the people are greatly improving under the present system, and there is every hope of still greater improvement, by which the Government will eventually benefit largely if permanent arrangements be postponed. The Chowdries, moreover, to whom Dr. Campbell proposes to give a long, if not a permanent, settlement, have, the Board find, no proprietary title. They are merely tax-gatherers.

27. *Cachar.*—In Cachar, Captain Stewart observes, farmers are unknown, and crops are raised with a safety, certainty and facility which render the smallest landholders secure and independent. A permanent settlement would, doubtless, increase the value of land to the landholders, but even now the right of occupancy fetches a considerable sum under existing leases; as much as Rs. 5-7-3 per beegha of 6,500 feet; in Sylhet the Collector reports a beegha to sell for about Rs. 8-9-0, but Captain Stewart considers the difference of price due to the greater population of Sylhet and the smaller area of culturable waste, whereas in Cachar it is much more common to clear jungle lands than to buy lands already cleared.

28. If a permanent settlement were introduced in Cachar, it must be settled either as one large zemindaree, or by dividing it into several small estates. Such a settlement, with each of the present holders, would be to perpetuate contention. There are in Cachar 7,417 estates comprising 219,637 acres settled with 70,554 persons, and an estate has sometimes upwards of a hundred shareholders. The present periodical settlements have the effect of settling all disputes and defining rights.

29. The Province came under the British Government in 1837. Under the former Rajah, the settlement of 1830-31 comprised 35,735 acres, which, at Rs. 5-8 a koolbah, yielded Rs. 21,413; at our last settlement in 1858-59 the assessment was at Rs. 3-8 per koolbah only; but the assessable area amounting to 371,200 acres, the total revenue will be no less than Rs. 1,49,812 before the expiry of the settlement, which is made on a progressively increasing jumma for twenty years. This enormous increase of cultivated area and of rent in thirty years is a result which would not have been obtained under a permanent settlement. On the expiry of the present settlement, Captain Stewart has no doubt that the rate formerly demanded by the Rajah (Rs. 85-8 a koolbah) will not be found excessive, and he sees no reason for foregoing an increased revenue which can be derived merely by maintaining a system which experience has shown to have worked well.

30. The Board concur with the Superintendent and the Commissioner of the Division. Under the present system of term settlements immense progress has, they observe, been made, and here, too, there are no parties with a right of permanent settlement. Under such settlement a more rapid progress in prosperity could scarcely be looked for than has been attained under the existing system. It is quite clear that improvement is still going on, and there is no reason why Government should not share in its profits. The Board would, therefore, abandon all idea of a permanent settlement in Cachar, till the result of a new settlement to be made in 1878-79 on expiry of the existing leases, shall be known. In exceptional cases, however, where sufficient cause may be shown, occupants might be allowed to buy a zemindaree title and engage in perpetuity.

31. It only remains to add, with reference to paragraph 2 of the letter under acknowledgement, that it does not appear to the Board that a special law, giving legislative sanction to existing temporary settlements, would practically give the landholder greater security than he now has under his special engagements with Government. The general law of contract governs his relations with Government under the present practice, and there is no doubt that the Civil Court would indemnify him from damage incurred by an infraction of the terms of contract on the part of Government. If the special law contemplated be intended to contain any more stringent provisions for the landholder's protection during the currency of his settlement, there is no reason why these should not be introduced with equal effect into the engagements executed between Government and the zemindars.

No. 12.]

No. 632, dated Nagpore, the 22nd July 1862.

From—Captain H. MACKENZIE, Secretary to the Chief Commissioner, Central Provinces,
To—The Secretary to the Government of India.

YOUR No. 2038² of the 7th October 1861, and subsequent letter No. 1474 of the 20th March 1862, requiring the opinion of the Officiating Chief Commissioner on the question of the permanent settlement of the land revenue, discussed in paragraphs 62 to 82 of Colonel Baird Smith's Famine Report, and as to the value of a legislative sanction for settlements for terms of years where existing settlements are not of a character to be made permanent, have, up to the present time, remained unanswered. The subject was very important and the changes in the Administration of these Provinces rendered it impossible to accord that attention to it which it merited. The Officiating Chief Commissioner having, however, now fully considered it, in reference to its bearing on the peculiar condition of the districts comprised in the Central Provinces, is prepared to submit his opinion, and has, accordingly, desired me to report as follows:—

2. In the first place, it may, the Officiating Chief Commissioner remarks, be superfluous to state that here, as elsewhere, a permanent settlement would affect only the land tax itself. It would fix the assessment for ever, and it should be more accurately termed the permanent and perpetual limitation of the direct State demand on the land. It would in no

wise affect the fundamental right and property of the people in the land. That right and property will be fixed absolutely and immediately, whether the land tax be limited to a certain sum for ever, or not. The value and interest of such right and property will indeed be greater or less, according as the State demand is fixed for a short or a long term, or for ever. But under any circumstances, the nature and essence of the right and property itself will remain the same.

3. Here then, as elsewhere, in the above sense, the principle of a permanent settlement is applicable. It would have an effect altogether, beyond immediate calculation, in stimulating the industry, enterprise and self-reliance of the agriculturists, the application of capital, the accumulation of wealth. Where the assessments were fair, it would be accepted as a great boon by the people. On the one hand, the State, no doubt, will subject itself to prospective loss, by surrendering all future right to increase its land revenue. But, on the other hand, such loss would be more than compensated by the gradual, if not rapid, increase of all the other branches of the revenue. These branches entirely depend on the growth of wealth in the mass of the people. A permanent settlement will contribute more than any measure that could be devised to augment that wealth. It follows that a permanent settlement will cause all other heads of revenue, except land tax, to increase. Now in these Provinces more than one-third of the total income is derived from taxes other than the land tax, the other taxes are increasing, the land tax alone remains stationary. In a fiscal point of view, then, there can be no fear for the success of a measure which would, while restricting the land tax, cause all other taxes to rise. Again, it is quite true that the value of money will continue falling, and that prices of produce will rise more and more throughout these Provinces. Thus, the agriculturists will, in a short time, receive much more for their produce than they ever did before. On the other, the price of labour will rise, and that will greatly enhance the State expenditure. All the salaries and establishments of the lower grades, at least, will be gradually raised, and the cost of public works will be greatly enhanced. There might appear to be some risk, then, if Government, while anticipating increased expenditure, were to limit the land tax, the main source of revenue. But it will, in reality, be quite safe to trust to increase of other taxes. It was declared, quite irrespectively of the permanent settlement, in the Joint Report of Colonel Elliot and Mr. Temple, that "it is rather from the miscellaneous taxes, than from the land tax, that increase of resources is to be expected."

4. A permanent settlement, then, so far as it can be introduced, will be, firstly, good for the people, and secondly, good equally for the State. The questions remaining are:—To what extent could it be applied? and when could it be introduced? Now it is to be ever remembered that in these Provinces the railways, the roads, and the navigation will certainly work great changes, while similar results are not here to be expected from irrigation. But this prospect exists here, in common with the rest of India, neither more nor less. If, then, the prospect of material improvement does not bar the concession of a permanent settlement elsewhere, neither should it have that effect here. So far then as railways, roads and navigation are concerned, the Central Provinces seem as much entitled to the advantage of a permanent settlement as other provinces of India. But, further, it is to be borne in mind that the amount of culturable waste in these Provinces is enormous; and though this condition may exist more or less everywhere, it is peculiarly prevalent here; not only are vast tracts of culturable waste vaguely claimed by parties with doubtful title, but within the legitimate boundaries of many, even perhaps the majority of estates and villages throughout these Provinces, there is a large proportion of culturable waste. Now although the inducement held out by a permanent settlement to reclaim the waste is one of the cardinal benefits of that measure, still it is not fair to the State that this privilege should be kept within moderate bounds. It would be right to allow to every estate permanently settled a just margin of waste as a field for extending cultivation. But it would not be right to allow a permanent settlement to an estate which might include a large or indefinite area of waste, at present quite beyond the means of the owner to reclaim, but capable in the future of being rendered valuable by a variety of contingencies.

5. Thus in these Provinces there are many estates and villages, many entire tracts and some entire districts, where a permanent settlement could not at present be properly introduced. Such districts are Raepore, Belaspore, Sumbulpore, Sironeha, Bhundara, Mundla, Seonee, Chindwara, Baitool. All these districts are in a transition state, and influence will, it is hoped, be sooner or later brought to bear, which shall change the entire face of them.

6. On the other hand, there are some districts, in each of which a permanent settlement might be introduced into parts, but not the whole, with as much benefit and as much reason as into other parts of India. And into these the introduction of the measure has been recommended. These districts are Nagpore, Chanda, Natchengon (Kowta), Jubbulpore, Saugor, Dumoh, Nursingpore, Hoshungabad. All these districts (excepting Saugor and Dumoh) have large portions of their area continuously and highly cultivated, and subject to the same kind of development as the rest of India. The Saugor and Dumoh Districts are more rugged, and do not possess long strips of cultivation like those just named, but in other respects their position is the same. As regards past assessments, some have been too high and others too low; but this circumstance is not peculiar to these districts, and is too common everywhere. On the other hand, for the Jubbulpore, Saugor, Dumoh, Nursingpore, and Hoshungabad districts, there are the fiscal data year by year during thirty-five years of British rule. For the Nagpore, Natchengon and Chanda, besides the British assessment, there are the data of the assessments made during the Regency exercised by Sir R. Jenkins and his officers.

7. Such being Mr. Temple's views on this question, I am further to state that he sees no reason why they should not be applied in the course of the settlement now in progress. The state and circumstances of the operations connected with that settlement were reported

To Government, Foreign Department, at some length in my No. II of 30th ultimo; it is, therefore, unnecessary to enter into great detail on this point. The

Officiating Chief Commissioner would merely submit that, should His Excellency the Viceroy in Council be pleased to approve, firstly, the general principles of the question as above laid down; and secondly, the application of them at once to such of the districts in the Central Provinces as are advanced enough to receive them, then he would solicit that sanction be accorded to the following specific measures:—

8. (I) That, when in the course of the present settlement it shall appear to the authorities engaged in making the settlement that an estate is, in the sense explained above, fitted for a permanent settlement, in such estate the assessment be made in perpetuity.

9. (II) That one of the chief conditions of fitness for this boon be that at least three-fourths of the culturable area is under cultivation.

10. (III) That it be competent for Settlement Officers to hold out a promise, in certain cases, that on estates attaining that advanced state in which three-fourths of land is under cultivation, a revised assessment be declared permanent.

11. Thus, if a permanent assessment be really desired by the people, then this system would induce every landholder to increase his cultivation, so as to secure the boon, and thus the greatest possible stimulus might be imparted to agricultural industry.

No. 13.] Minute, dated the 3rd March 1862, by the Honourable SIR H. BARTLE E. FRERE, Member of the Supreme Council.

*Vide Annexure No. III
to Paper No. 7.

I THINK *Mr. Maltby's is the sound view, and would strongly urge its sanction by the Secretary of State with instructions to give legislative force to the limitation of Madras land tax to the rates now fixed by Lord Harris' survey and assessment.

2. The Governor's arguments in favour of grain rates, and a revision 50 years hence, would be of force if they were not outweighed by the reasons for certainty and fixity of demand in all dealings between Government and the cultivator in this country, and by the absence of any necessity for providing for greater fluctuations in the price of grain, and in the value of the precious metals that have taken place during the past two hundred years.

3. I would, in writing to the Secretary of State, briefly recapitulate Mr. Maltby's arguments.

No. 14.] Minute, dated the 8th March 1862, by His Excellency the EARL OF CANNING, Governor General of India.

†Vide Paper No. 13.
‡Vide Annexure No. II
to Paper No. 7.

No. 15.] Minute, dated the 13th March 1862, by the Honourable MR. CECIL BEADON, Member of the Supreme Council.

§Vide Annexure No. III to Paper No. 7.
I ENTIRELY agree in Mr. Maltby's recommendation as far as it goes: but, in my opinion it does not go nearly far enough. The principles for which we ought, I think, to contend in bringing about a permanent settlement of the land revenue for all India are the following:—

1st.—That all persons paying land revenue direct to the Government, whether they be ryots or whether they be zemindars, when once their lands have been surveyed and fairly assessed, are entitled to hold them at a fixed jumma for ever.

By a fair assessment, I mean not only a fair and moderate assessment as regards the share of the actual rental to be taken by the Government, but an assessment comprising at least a certain proportion of the culturable lands of a village. I would not give a permanent settlement to a village of which less than one half of the culturable lands are under cultivation and assessed at fair rates, and perhaps it may be expedient to require a larger proportion, say, two-thirds or three-fourths. But I would certainly give a permanent settlement to every village of which three-fourths of the culturable lands are cultivated and assessed: and I would do this upon the avowed and broad principle that the Government desires to limit its demands on account of land revenue and to give an ample margin for the accumulation of wealth by improvement on the value of landed property.

2nd.—That upon all persons paying land revenue direct to the Government who do not already possess a full heritable and transferable right in the soil, such a right should be expressly and distinctly conferred.

3rd.—That in villages under ryotwari settlement, where the Government is the only real proprietor of the soil, and where each ryot has nothing more than a heritable and transferable right of occupancy in the land he cultivates and pays revenue for, the lands not so occupied being at the entire disposal of Government, if the quantity of occupied land exceeds a certain proportion of the culturable lands of the whole village (at least one-half, or perhaps as much as

three-fourths) the Government should give up its proprietary right in the whole village and divide the unoccupied lands among the occupant ryots on fair proportions, conferring upon each ryot a full proprietary right on the whole of his share, including occupied and unoccupied lands, subject to a fixed jumma for ever, equal to the amount assessed at the last settlement on the lands then actually in occupation.

4th.—That, as an alternative of the last-mentioned course to be adopted, whereas in Bengal there is no objection felt either by the ryots or by the Government to the creation of a zemindari tenure intermediate between the Government and the ryots, the proprietary right of Government in the whole village, bearing the jumma assessed on it at the last settlement, should be put up to auction and sold to the highest bidder, the purchaser receiving a full proprietary right in the soil of the whole village, but all rights of occupancy under the Government being carefully reserved. This is the course now being actually taken with the Government estates in Bengal; and though it has many advantages, I apprehend the objections felt by the authorities in Madras and Bombay to its adoption in those Presidencies would be found to be nearly insuperable.

I cannot agree with the Government of Madras in thinking that the tenure of the ryot in that Presidency even if the revised rate of assessment be declared fixed for ever, is anything like a permanent hereditary and transferable proprietary right in the soil such as we desire to give him. Though he is not subject to an annual settlement such as would alter his rates of assessment with reference to the price of grain, or any other disturbing cause, he is subject to an annual settlement to ascertain the quantity of land he has in occupation, and his jumma is increased or diminished according as he has taken more lands into cultivation or thrown up a portion of those which he occupied the year before. It is true that he enjoys what the Government of Madras considers the great advantage, but what appears to me to be a very doubtful advantage, of being able to throw up, and cease to pay revenue for, such lands as it is not convenient to him to continue to cultivate, being compelled at the same time to relinquish all right of occupancy in them, and enabling the Government to dispose of them as it pleases: but, on the other hand, no ryot can increase the quantity of land in his occupation without having at once to pay the full rate of assessment upon the newly-occupied lands, even though they may not at first yield him a profitable return. Such a tenure as this bears no resemblance to the proprietary right in the soil over a certain and defined area subject to a fixed jumma in perpetuity, nor can it be said that it offers any adequate encouragement to the improvement of the land. I feel perfectly satisfied that in Madras and Bombay, no less than in the Presidency of Bengal, the Government would do most wisely to confer a full proprietary right in the whole soil, wherever it is now vested in the Government, upon those who have the deepest and most direct interest in improving the land and developing its resources, and to limit its demand on account of land revenue to a fixed sum in perpetuity in every village in which a reasonable proportion of the lands have been brought under cultivation and assessment, relinquishing in such villages its proprietary right to the waste or uncultivated lands as well as to those in occupation, and leaving all the benefit arising from the future reclamation of such land to be enjoyed by the persons upon whom the proprietary right is conferred.

In this way without making any undue sacrifice of its land revenue, which even now perhaps forms more than a fair or safe proportion of the Imperial income, we should confer upon the whole of India the incalculable boon of a fixed settlement, fraught with all the advantages which Bengal has derived from Lord Cornwallis' settlement, but free from its defects; we should give to every occupant of land the most powerful inducement that human nature knows to increase the value of his property; and we should lay the foundation of great and ever increasing prosperity, giving wealth and contentment to the people, and security and financial ease to the Government.

No. 16.] Minute, dated the 7th April 1862, by the Honourable Mr. SAMUEL LAINO, Financial Member of the Supreme Council.

THESE papers have now for the first time reached me. I agree with Mr. Beadon* that they really raise the whole important question of giving permanency to land tenures throughout India, as, although the circumstances of Madras are in some respects special, we can hardly deal with them satisfactorily without having made up our minds as to the general policy to be pursued in regard to this, the most important of all Indian questions.

I concur generally with Mr. Beadon's views.

We may, I think, begin by setting aside any idea of a grain settlement as a general measure.

There is no grain which, like wheat in England, affords a tolerably uniform and accurate measure of the value of "money" as measured in "commodities."

Wheat does so in England very imperfectly, for a thousand different causes affect the range of price over a long period, as well as the mere supply of the precious metals.

But in India one district consumes wheat, another rice, another dholi or some of the many forms of pulse of which we hardly know the names, and the accidents of a wet or dry season, the want of communications throughout such a vast country, and other circumstances, cause enormous fluctuations, often of hundreds per cent. in the market price of grain between one year or district and another.

* Vide Paper No. 15.

I am satisfied, therefore, that Mr. Maltby is quite right in saying that any form of grain rent would utterly fail to give that security which is the great object of having a settlement at all; and that a fixed money rent, even for a comparatively short period, would be preferable.

Practically I consider the question lies between giving a fixed money settlement for a long term, or in perpetuity.

If I incline to the latter, it is not from overlooking the really strong arguments that may be adduced for a periodical settlement.

Practically the State is the landlord in most parts of India (except Bengal), and the land tax is only rent under another name.

I have no doubt also that the tendency of rent in India is towards rapid rise.

If the English Empire in India lasts for twenty years, I feel certain that the value of land, the efficiency of labour, the saleable produce per acre, everything, in short, that constitutes the natural rate of rent, will have more than doubled.

On the other hand, the money rate of wages and of money commodities will have risen so that the necessary expenditure of the State will have increased.

Why then, it may be said, give up, as a gratuitous gift to persons who have no claim to it, that progressive increase in the natural rate of rent which would enable Government to meet increased expenditure with diminished taxation?

As a mere money question I am by no means sure that it is desirable to go beyond twenty or thirty years' settlements.

Taking the case of Bengal, which has had a permanent settlement since Lord Cornwallis' time, or for years, it is not true that the increase of indirect taxation has yet made up for the loss of land revenue.

If we compare Bengal with Madras, the one being the type of the system under which the State has parted with its rights in perpetuity for the sake of creating a class of independent landed proprietors, the other where it has suppressed all intermediate rights and dealt directly with the individual peasant occupiers, I find the following results:

The population of Bengal is in round numbers double of that of Madras, or 40,000,000 to 20,000,000. From the Bengal revenue should be deducted for the purpose of a fair comparison—

First.—Opium, which is the happy accident of a tax paid by China, and not a tax paid by Bengal.

Second.—One-third of the Customs Duties which are received in Calcutta on Imports and Exports, not of Bengal, but of the North-West.

I deduct also, in each case, tributes paid by Native States, and similar sums of revenue which have nothing to do with the taxation of the two Presidencies.

Having done so, I find the following results from the estimates of the year 1861-62 :—

	Bengal.	Madras.
Population	40,652,397	23,127,555
Land Revenue (including Sayer)	£ 4,060,000	£ 4,105,000
Abkari or Excise	429,000	319,000
Assessed Taxes (Income Tax, etc.)	750,000	306,000
Customs	750,000	246,000
Salt	2,760,000	850,000
Stamps	516,000	171,000
Post Office (including Service Postage)	118,000	52,000
All other Receipts	290,000	57,000
Total Revenue	9,673,000	6,107,000
Per head per annum of population—Land	2s.	3s. 7d.
Other Taxes	2s. 9d.	1s. 9d.
TOTAL	4s. 9d.	5s. 4d.

Moreover, the revenue of Madras is increasing more rapidly than that of Bengal.

The land revenue of Madras has risen, in five years, from £3,380,000 to £4,105,000 concurrently with a considerable reduction of assessments and relief to the cultivators owing to the extension of cultivation ; while in Bengal no corresponding advance has taken place, although the extension of cultivation and improvement in the value of land has been probably quite as great.

As a mere money question, therefore, I think it almost certain that, by retaining the position of landlords of a rapidly improving estate, we should find ourselves richer twenty or thirty years hence, than if we give up "Rent" for "Free Duty."

Nor am I sure that in a good many cases the position of the actual cultivator of the soil might not be better under a liberal landlord like the Government, giving long leases on moderate terms, than under an intermediate landlord.

Such difficulties, as are now beginning to be felt in Bengal, must inevitably arise between zemindar and ryot everywhere, as the natural or intrinsic "Rent" of land rises.

Is the zemindar to benefit by it as "landowner" in the English sense of the word, or is the ryot to be considered as the owner of the soil, subject to a free duty to the zemindar, fixed once for all at the time of the settlement?

At present nothing can be more indefinite than the position of these parties, and no means are provided for arriving at a solution in any other way, than by what I can only call a social war in the Law Courts, terminating in some practical compromise arising from mutual exhaustion.

This is the course things are taking in several districts of Bengal. It may have been accelerated by imprudent legislation in Act X of 1859, and injudicious action on the part of local authorities with regard to indigo; but it is inevitable that great difficulties and social changes must result from a state of things which creates a large prize to be contended for, *viz.*, enhanced value of land, and leaves it uncertain to whom and in what proportions that prize belongs.

Even if we could succeed in protecting the interest of the existing revenue-paying ryots, the establishment of a fixed tonnage of land must tend to bring an increasing mass of the population into the condition of ordinary rent-paying tenants or hired labourers, as the ryots who are made freeholders would by degrees sell or sublet. Notwithstanding these objections I am, however, favourable to the general principle of permanent assessment.

We do not exist as a Government merely to get the largest revenue we can out of the country, or even to keep the mass of the people in a state of uniform dead level, though it should be a tolerably happy and contented one, as a peasant tenantry under a paternal Government.

If we give a permanent settlement, as Mr. Beadon proposes, we lay the foundation for a state of society not perhaps so easily managed, but far more varied and richer in elements of civilization and progress. We shall have gradations of society from the native noblemen of large territorial possessions down through the country gentleman of landed estate, to the independent yeoman, the small peasant-proprietor, the large tenant with skill and capital on a long lease, the small tenant on a lease, the tenant-at-will, and the day labourer.

In some districts one class will preponderate; in others, a different one; and, on the whole, I do not doubt that, although there may be more hardships, inequalities and collisions, there will be more life, activity, and progress, than there ever could be where the Government was all in all.

If the Crown in England had kept the fee simple of all lands forfeited by successive civil wars, or seized from the Church, there might have been a revenue which would have gone far to carry on the Government without taxes. But would England ever have been the country it is?

If we have any business at all in the East, it is to try and found something better than the old approved pattern of Oriental despotisms, and to give India the chance, at least, of becoming a great independent and intelligent community.

Nor do I see any reason to fear the effect on revenue.

It may be true that we shall not get so much revenue as if we had kept the increase of rent in our own hands—at any rate for the next twenty or thirty years—while it is almost certain to be rapidly increasing.

But I have no fear of our being able to get revenue enough, provided certain conditions are observed in regard to our Land Settlement, and I am by no means sure that it is desirable that a Government should appropriate a larger share of the income of a country, or get money more easily, than is really essential to meet the proper objects of a Government.

The conditions I look to as essential in a permanent settlement are:—

First—That we should not throw away the culturable but uncultivated lands.

Second—That we should provide for the land bearing its fair share of local burdens.

As regards the first point, Mr. Beadon suggests what seems to me a very proper limitation, *viz.*, that a permanent settlement should only be given where a large proportion of the culturable land of the district has been brought into cultivation.

The general practice is to assess cultivated land at a fair moderate rate, and culturable but uncultivated land at another and much lower rate.

Now I have no objection to fix what is now a fair rent for land in cultivation, as a permanent rate, and take my chance of getting back by indirect taxation whatever revenue I may want owing to a general alteration of money-value arising from the general growth of wealth and prosperity. But I do not think the State should give away for next to nothing any considerable mass of land of fair quality, which it is morally certain that a few years of good government and improved communications will bring into cultivation.

There should, therefore, be some stipulation that, either as Mr. Beadon suggests, three-fourths of the culturable waste should be cultivated before a perpetual settlement is given; or else, that it shall pay as it is brought in at a fixed rate higher than is now paid for it as uncultivated, though lower perhaps than the full permanent rate on the old cultivated lands.

With this condition the land revenue would still continue in most parts of India to be a buoyant one, and a perpetual settlement would even tend in many instances to increase its buoyancy by accelerating the extension of cultivation.

I do not allude to the cases where the Government does something which directly enhances the value of land, as bringing water to it by a canal, as it is a necessary part of all plans of permanent settlement, that provision be made for taking a fair price for such advantage in the form of water rate or otherwise.

Secondly.—I consider it even more essential that, in any permanent settlement, provision be made for throwing such local burdens on land as are usually borne by land where the State is not the landlord.

In England land pays poor rates, highway rates, church rates, police and various other local rates, amounting in all to £12,000,000 or £15,000,000 a year, and on the average to more than 10 per cent. of the gross income of real property.

Education also is supported in Scotland by a direct local tax on land, and in England very much by local contributions of landed proprietors.

If India is ever to have such appliances of civilization as plenty of good Boards, Schools, Local Police, etc., in every district, they must be supported by local rates, and these rates must fall mainly on land.

The perpetual settlement of Bengal is an instance, not of the impolicy of perpetual settlements generally (for, in spite of all defects, it has created a great mass of wealth and kept the largest section of the Empire attached to us throughout the Mutiny), but of the impolicy of neglecting the two conditions I have specified.

If we had not thrown a vast extent of culturable waste into the bargain, without any equivalent, and if we had expressly reserved some adequate local taxation, Bengal would not have remained, to the present day, almost without roads and with a police whose inefficiency for everything but evil was a byword; and which a great part of the £4,000,000 a year which the comparison with Madras clearly shows to have been sacrificed, might have been saved to the revenue; it is questionable whether the landowners themselves would not have been better off, as wealth would certainly have accumulated faster, but for the almost total absence of internal improvements.

As regards the practical mode of proceeding with regard to this important question of land tenure, I should think the first thing would be for His Excellency the Governor-General in Council to consider maturely the general principles on which we are to proceed.

This being done, we should communicate with each Government separately as to the best mode of giving them effect under the particular circumstances of their territory.

If, for instance, the principles which Mr. Beeson and I have endeavoured to lay down were approved of, it would be necessary to point out to Madras the conditions which it appeared to us desirable to enforce, and consult them as to the details, which I do not think could be uniform for all India, having regard to the extreme diversity of tenure and other circumstances.

For instance, how the cultivation of waste land should be provided for? How benefit from Government works of irrigation should be paid for? How the principle of local taxation should be assisted without carrying its practice too far in the first instance? These are all questions upon which it would be imprudent to decide anything without the fullest communication with the local authorities.

This need not delay a general expression of our opinion to the Secretary of State and to the Madras Government, unless His Excellency the Governor-General should wish to have an opportunity of personal communication with the authorities of the North-West Provinces, where the question is raised on a still larger scale than at Madras by the approaching termination of the settlement made in 1835, before he finally makes up his mind, or commits himself upon a question which is certainly, of all others, the most important in India, and upon which so many high authorities have held conflicting opinions.

P.S.—I do not refer to the question of redemption of land revenue, for it is no necessary part of the question of permanent settlement.

I doubt its advantage except in the case of waste lands in unoccupied districts, and would certainly not allow any extension of it that can be helped at such a low rate as twenty years' purchase, which involves a direct loss to the State, as we cannot invest at 5 per cent.

No. 17.]

Office Note dated 1st September 1862.

“Serial Nos. 7 to 16 may be recorded with no present orders.”

PART II.—Papers relating to schemes for (1) the grant or sale of waste lands in perpetuity; and (2) for the redemption of land revenue.

No. 18.] Despatch from LORD STANLEY, Her Majesty's Secretary of State for India, No. 2 (Revenue), dated London, 31st December 1858.

MANY applications have been recently addressed to the Court of Directors of the East India Company and to myself by persons who, either on behalf of themselves or of Companies which they propose to establish, are desirous of obtaining grants of unoccupied land for the purpose of carrying on the cultivation of cotton and of other exportable products for the supply of manufactures in this country. The replies which have been addressed to these applications have

generally been to the effect that while the Home authorities desire to extend all proper encouragement to the investment of British capital in the development of the resources of India, it will be necessary that, in regard to grants of land in any particular localities, the applicants should place themselves in communication with the authorities on the spot. They have been further informed that if it should appear on enquiry that there is land at the disposal of Government suited for the required purposes, and that the local authorities have no objection to offer to its transfer to the persons applying for it, the Home authorities will be prepared to authorize the grant of such land in perpetuity on such reasonable terms and subject to such conditions as may be agreed on between the Local Government and the applicants or their agents.

2. The matter having been considered by me in Council, I have now to communicate to you the following observations.

3. Most of the applicants are anxious to obtain a grant of land in fee simple, by which term I understand them to mean a grant of land in perpetuity either gratuitously or in consideration of an immediate payment, under which the land should be for ever discharged from all demand on account of land revenue.

4. I am aware that the extent of land absolutely at the disposal of the Government in India, in which no rights either of proprietorship or of occupancy are known either to exist at present, or to have existed in former times, and consequently liable to be again put forward, is extremely limited. In such districts as the Dchra Dun, Assam, the Sunderbuns, Kumaon, Gurwhal and others similarly situated, where larger tracts of unreclaimed land are to be found absolutely at the disposal of the State, rules have already been promulgated, under which settlers can obtain allotments on very easy conditions, and for long terms of years; but in no case, I apprehend, extending to a grant in perpetuity. In such cases, I desire that you will take such steps as may seem to you expedient for the purpose of permitting grantees to commute the annual payments stipulated for under the rules (after a specified term of rent-free occupancy) for a fixed sum per acre to be paid on receiving possession of the grant. In all other respects and particularly in regard to the conditions which provide for a certain proportion of the land to be cleared and brought under cultivation within specified periods, the rules will of course remain unaltered. You will report to me the course which you propose to follow in carrying out these instructions.

5. In their Despatch of the 6th May (No. 6) 1857, paragraph 14, the Court of Directors, in reviewing the measures proposed to be adopted in introducing an improved system of revenue administration into the districts assigned to us by the Nizam under the Treaty of 1853, informed you that, had the territory been entirely at their disposal they would have had no objection (considering the large extent of unoccupied land, to the proprietorship of which there were apparently no claimants) to sanction, as an experiment, "the alienation in perpetuity to any persons of substance and respectability of land belonging to the Government, upon condition of the application of a certain amount of capital to the cultivation of the most valuable products of the soil," although the Court at the same time expressed an opinion that easy terms of long lease, such as for a period of twenty or thirty years, might be sufficient at present to attract British capitalists. It does not appear that the Court's suggestion has yet received your attention, and I now desire that you will take it into your consideration.

6. It appears to me that the question of granting unoccupied lands in perpetuity discharged from all demand for land revenue on the part of the State, is intimately connected with another question which has of late attracted much attention in this country, *viz.*, expediency of permitting the proprietors of estates subject to the payment of revenue to redeem the land tax by the immediate payment of a sum of equivalent value. In those parts of India which are under perpetual settlement, such as Bengal and the Northern Circars (so far as the estates originally permanently settled have not lapsed to Government and are now under Khás management) the difficulty of arriving at a satisfactory decision will be the least experienced. It is obvious that if a zamindar, bound to pay in perpetuity a fixed jumma of a certain amount per annum, is permitted to redeem that obligation by the payment of an immediate equivalent

(all existing tenures and rights of occupancy being, of course, in no way injuriously affected by the transaction) and that the amount so paid is applied to the extinction of debt, the Goverment remains in precisely the same financial position, the balance of its receipts and charges being unaltered. The process in this case is simply the extinction of a perpetual annuity by the payment of its value in a simple sum, but in estimating that value it must be borne in mind that while the perpetual annuity is of fixed amount, liable neither to increase or diminution, the interest on the public debt, which may be extinguished by the transaction, is of a fluctuating character, and that the charge on the State on its account may hereafter be reduced by judicious financial arrangements.

7. But the political results of such a change cannot be overlooked. The fortune of the zamindar who has been allowed to extinguish his fixed annual liabilities by a single payment are from thenceforth still more intimately connected than they are at present with those of the British Government. The immunity from taxation which he is enabled under our rule to claim, and which no native conqueror could be expected to recognise, renders his loyalty a matter of prudence and self-interest. He is attached to the cause of order by a tie similar to, and not less strong than, that which binds the fundholder of a European State. This is no slight advantage, and may fairly be held to counterbalance some inconveniences of detail which may arise in effecting an arrangement such as is here suggested.

8. In the larger portion of India, where the settlement of land revenue is made for limited periods, the difficulties attending such a measure as the redemptions of the land tax appear to me to be much less easily encountered. The settlements which have been concluded in the North-West Provinces and in portions of Bombay and which are now commenced in the Presidency of Madras provide for a revision of the money amount payable to the State, in commutation of the Government share of the net proceeds of the land, after the expiration of a period of thirty years; so that if, from whatever cause, the relation between the value of silver and that of agricultural produce should be found to have changed, the opportunity is afforded, from time to time, of readjusting the pecuniary demand on the cultivators of the soil, without adding to their burdens or sacrificing the just dues of the State. This consideration appears to me to be most important, especially in a country like India, where so large a proportion of the public income has, from time immemorial, been derived from the share reserved to Government of the produce of the land. Under such circumstances the permission to redeem the land tax can operate only in so far as the people may avail themselves of such permission as a permanent settlement of the land tax at its present amount. The basis of calculation for the redemption can only be the rate of assessment now actually paid; and the redemption being once effected, the State is for ever precluded, whatever change of circumstances may hereafter take place, from participating in the advantages which, there is every reason to hope and anticipate, will follow the measures which are now in active progress for improving the administration and for developing the material resources of the country. Weighing these difficulties on the one hand, but remembering on the other the importance of affording all possible encouragement to the employment of British capital, skill, and enterprise in the development of the material resources of India, I commend to your earnest and early consideration the important questions treated in this despatch: but I particularly request that in any suggestions or recommendations you may submit to me, you will be especially careful not to confine them to such as may be calculated for the exclusive advantage of European settlers, and which cannot be equally participated in by the agricultural community generally.

No. 19.]

Resolution of the Government of India, Home Department, No. 3264 (Revenue), dated
17th October 1861.

* * * * *

11.—As to the redemption of the Land Revenue.

88. Great caution is necessary in dealing with what has always formed so large a part of the revenues of the Government of India. The Governor-General in Council proposes, therefore,

in the first instance, to limit the permission of redemption in any one district to such a number of estates as shall, in their aggregate assessment, not exceed ten per cent. of the total land tax of the Collectorate, or corresponding fiscal division of the country.

39. This restriction will enable Government to ascertain in each province, without undue risk to its permanent fiscal resources, the practical effect of permitting the redemption both in completely populated and well-cultivated districts, and in those where there is much uncultivated land and a thin population. It will afford an opportunity of hereafter reconsidering the effects of the measure with the light of ample experience; while the limit which it prescribes is large enough to allow of a considerable number of those who may be able and desirous of redeeming the land revenue of their estates to do so, partially or wholly.

40. In any case, when redemption shall have reached the limit of ten per cent. of the total land revenue of the Collectorate, the result is to be reported to the Governor-General in Council, with a view, if expedient, to the enlargement of the limit in that Collectorate, and to the permission of further redemption.

41. The price to be paid is fixed at twenty years' purchase of the existing assessment.

42. Doubts are expressed by experienced officers whether many purchasers will come forward at such a rate, so long as the current rates of interest for money lent on security, or employed in trade, continue as high as at present. But justice to the public creditor, and a due care for the resources of the Government, require that, as long as the public revenue is no more than sufficient to meet the current charges of the Empire and the interest of its debt, no lower terms of redemption of a permanent tax forming the security for that debt should be accepted than will, when the price is invested in the public securities, afford a corresponding relief in the payment of interest.

43. The tenure obtained will, as in the case of waste lands, be that of an heritable and transferable property held in perpetuity free of all demand on account of land revenue or of the Government. But such tenure will not carry with it, as that of waste lands will, immunity from any legal claims other than those of Government to which the lands may be subject, and which may date prior to the grant under this Resolution.

44. Also the same steps will be taken to define the exact extent and limits of the property, by means of plans and survey records.

45. In districts in which the land revenue is permanently settled, permission to redeem will be confined to the person who has the right to pay the Government land revenue, rent, assessment, or jumma; and its effect will be strictly limited to such Government claims, reserving all existing sub-tenures or subordinate rights of occupancy.

46. In districts in which the land revenue is not permanently settled, the party who has the right to pay the Government land revenue, rent, or jumma, will be permitted to redeem it only when he also possesses the right of occupancy of the land.

47. The freedom of tenure conferred by redemption of land revenue will be absolute only as against the Government. It will be given on *prima facie* evidence of the rights above mentioned, and other parties contesting those rights and claiming the land will be as free as before to sue the holder in the Civil Courts.

48. The assessment on which the purchase money will be calculated will, in permanently-settled districts, be the permanent assessment.

In temporarily-settled districts it will be the assessment of the last settlement.

49. It has been apprehended that the Government will suffer loss by such a rule where a temporary assessment has been fixed so low as to render it certain that a considerable enhancement may be expected at the next settlement.

In such cases the enhancement of the direct revenue from the land will of course be foregone; but in many parts of the country where this would happen there exist, in a peculiar degree, that amount of general intelligence, and of confidence in the measures of the Government, and that sufficiency of capital, which would encourage landholders to redeem their land; and where this is the case His Excellency in Council considers it a wise policy that those who may come forward to redeem should not be shut out from the full advantage of the measure by reason of their actual assessment being low.

The price fixed precludes any sacrifice of immediate revenue; and His Excellency in Council is convinced that even a few estates on which the land revenue has been redeemed, scattered through the country, would have in many indirect ways a beneficial effect on the unredeemed land revenue itself, as well as on other sources of Government income.

50. Grants which have already been given for a term of years, at progressively increasing rents, such as those in the Sunderbunds, will be treated as if the land were permanently settled, if the holder wishes to redeem the future land revenue at the highest rate fixed for any year during the currency of the grant—provided it shall not exceed the rate fixed in paragraph 29 of this Resolution—and if there is no right of occupancy other than that of the lessee, or that derived from him.

51. Where no right of proprietorship or of occupancy exists in any party, and the land is simply held from year to year or by tenants-at-will, the actual tenant should be allowed to redeem; unless there be competition, when the redemption should take place by auction.

52. Where estates are assessed in shares (such as coparcenary estates, held on Byachara, Pattadaree, Nirwa, or Baghdar tenures) it will be necessary to define that nothing more is sold than the right of the Government to levy an assessment, and that this is sold only to those who are under liability to pay that assessment. Moreover, that the purchases will remain subject to all other customary liabilities, whether to individuals or to communities.

These conditions are indispensable to insuring that no other sharer's rights shall be injuriously affected.

53. Such tenures will require peculiar care in dealing with them; but, provided that suitable and sufficient precautions be taken, there is no reason why those who hold them should be excluded from the benefits of the measure.

54. As in the cases of sale of waste lands, so in those of redemption of land revenue, no conditions will be imposed as to the expenditure of a given amount of capital, the growth of particular staples, or the like. The party redeeming the land revenue will be left entirely free to follow the course which he may deem most profitable to himself.

55. Provision will be made in any legal enactment which may be passed to give effect to this Resolution, that the party named in the grant, whether of waste land, or of land on which the assessment has been redeemed, or his legal heir or representative, shall be regarded as the sole legal owner of the land, subject only in the latter case to claims other than those of Government and to sub-tenures and subordinate rights of occupancy existing at the time of redemption, and that no transfer of property in it shall be recognized by our Courts or fiscal officers unless duly registered.

56. With a view to secure the Government and the public creditor against any loss of existing sources of Government income, provision will be made by law that all sums paid in purchase of waste lands, or in redemption of land revenue, or in otherwise forestalling the land revenue, shall be paid to Commissioners, and periodically invested in such manner as the law may direct. The Commissioners will report annually to Government the total amount they have received and invested, and the districts from which it has been received, and their reports will be published.

57. The Local Governments will be called on to prepare the draft of a law to give legal effect to these measures within their several jurisdictions, so as to secure for all grantees a legislative title to their property.

But it is not necessary to await the enactment of such a law, before making known, and as far as practicable acting upon, the rules which have been here laid down.

No. 20.]

No. 18, dated 21st October 1861.

From—The Government of India,

To—The Right Honourable Sir CHARLES WOOD, Bart., Her Majesty's Secretary of State for India.

WE have the honour to forward herewith a Resolution which we have made public regarding the sale of waste lands in the fee simple and the redemption of the existing land revenue.

2. These important questions were discussed in Lord Stanley's Despatch No. 2, dated the 31st of December 1858; and in a subsequent Despatch, No. 1, dated the 16th of March 1859, Lord Stanley requested to be furnished with a statement showing the extent of culturable waste lands at the disposal of Government throughout India, with the view of affording information to persons who might be desirous of investing capital in the acquirement of such lands.

3. These despatches were communicated to the several Local Governments and Administrations, and we submit with this despatch, in two separate collections, the replies we have received.

4. After carefully weighing the opinions of the many experienced officers which are comprised in these replies, we found little difficulty in coming to the general conclusion that it is highly desirable to promote the attainment in India of a complete ownership in the soil free of all demand by the State on account of land revenue, so far as this may be done without injury to the interests of the State, and without detriment to the rights of third parties.

5. The applications received by Her Majesty's Government in England from persons desirous of purchasing land in this country have had reference for the most part, if not entirely, to waste and unoccupied land, but agreeing with Lord Stanley, that "the question of granting unoccupied lands in perpetuity discharged from all demand for land revenue on the part of the State, is intimately connected with the question of the expediency of permitting proprietors of estates subject to the payment of revenue to redeem the land tax by the immediate payment of a sum of equivalent value," we have considered the two questions together, and have embodied our decision upon both in the Resolution which we now transmit, and to which we would refer you for the details of the measure that we have adopted.

6. It has been suggested that the general rules laid down by our Resolution will produce some inequality in the manner of treating uncultivated lands in different parts of India, and the case of the lands on the Shervaroy Hills, in the Wynad District, and of the western side of the Nilgherries

has been specially pointed to, as lands which being assessed at Rs 1 an acre will not be purchaseable for less than Rs 20 an acre, while other waste lands being unassessed will be procurable at Rs 2-8 or Rs 5 an acre. The answer to this is, we think, obvious. Land which persons have been found ready to take up at an assessment of Rs 1 an acre must apparently bear a very different value from such lands as those of the Sunderbunds or Assam. We have no doubt that this is in fact the case, and that there is no comparison in point of value between the Madras tracts referred to,—provided as they are with roads, with labour close at hand, a fine climate, and a seaboard, and lands situated like those of Assam, or the Dhoon, or the Sunderbunds. Moreover, we would observe that, in the case of uncultivated lands already assessed, it must be presumed that the land has been assessed in proportion to its ascertained capabilities, and on this supposition there is no ground on which the Government would be justified in taking less for such land than it demands for all other assessed lands. If it should, on the contrary, be the case that the land is over-assessed, the proper remedy is to do what has been lately done with so much advantage both in Madras and Bombay, namely, to reduce the assessment. With regard to unassessed waste lands on the other hand, we have thought it advisable to fix generally a maximum rate of purchase, providing at the same time that wherever there is competition the land shall be put up to auction.

7. With regard to the redemption of land revenue it does not seem necessary to add to what is stated in our Resolution. We cannot doubt that the permission to redeem must have followed, sooner or later, as a necessary consequence of the sale of waste lands free of all demand on account of Government revenue. The measure is one which will work its way with slow and gradual steps, for to redeem but one-tenth of the entire land revenue of India will require nearly 40 millions of money, and the interest obtained from money employed in trade being certainly 10 per cent, and upwards, it is unlikely that large sums will be readily diverted from that channel for an object yielding only 5 per cent. Those, however, who, for special reasons, may desire to hold their lands free of all direct demand on account of Government, will now have it in their power to attain that position. The largest benefit from the measure may be looked for in those parts of India where the Government demand is subject to periodical readjustment, inasmuch as the measure will there, as observed by Lord Stanley, operate as a permanent settlement of the land tax.

8. Among the papers which accompany this despatch will be found a Minute recorded by our Honourable Colleague Mr. Beadon.

We have the honour to be,

SIR,

FORT WILLIAM ; <i>The 21st October 1861.</i>	}	Your most obedient, humble Servants,
(Signed) CANNING. , , , , II. ROSE. R. NAPIER. W. RITCHIE		

No. 21.]

No. 14, dated India Office, London, the 9th July 1862.

From—The RIGHT HONOURABLE SIR CHARLES WOOD, Bart., Her Majesty's Secretary of State for India,

To—The Government of India.

THE letter from Your Excellency's predecessor in Council, dated 21st October last (No. 18), (a) with which was forwarded a Resolution * which "had been made public regarding the sale of waste lands in the fee simple, and the redemption of existing land revenue," has been under my consideration in Council.

2. Her Majesty's Government have considered with the greatest care and consideration the important questions which form the subject of that Resolution,

31. It is remarked in the Resolution that "justice to the public creditor and a due care for the resources of the Government require that, as long as the public revenue is no more than sufficient to meet the current charges of the Empire and the interest of its debt, no lower terms of redemption of a permanent tax forming the security for that debt should be accepted than will, when the price is invested in the public securities, afford a corresponding relief in the payment of interest."

32. The words here used appear to refer to the instructions in Lord Stanley's Despatch of the 31st December (No. 2), 1858. But it is clear that the object avowedly in view would not be attained by pursuing the course proposed in the Resolution. So long as the notes of the 5 per cent. Loans are purchaseable at par, the extinction of a perpetual annuity may be effected without loss by the payment of twenty times its amount. If, however, as anticipated in that despatch, a reduction of interest on the public debt should take place—such, for example, as would arise from the 4 per cent. Loan becoming saleable at par—it is clear that the same purpose could only be accomplished by requiring a sum equivalent to 25 years' purchase of the perpetual annuity, or, in other words, of the jumma of the permanently-settled estate. In this country, the redemption of the land tax is, by the existing Acts of Parliament, permitted on the payment of a capital sum varying according to the actual price at the time of Government stock, and for this purpose the 3 per cent. consolidated annuities which constitute by far the largest portion of the public debt and bear the lowest rate of interest, are taken as the basis of calculation.

33. When, however, it is proposed to apply the measure to lands under temporary settlement, much more serious questions arise, involving the most important change in the tenure of land throughout the greater part of India.

34. It was stated in Lord Stanley's Despatch of December 1858, that the redemption of the land assessment must necessarily operate as a permanent settlement of the revenue on the lands to which it was applied at the amount of the present assessment, and it is obvious, on the slightest consideration, that this must be the case.

35. We must be prepared, then, to deal with the measure as affecting, to the extent to which it may be carried, a permanent settlement of the land revenue of India; and it becomes necessary to consider in all its bearings that most serious question which has for so many years been the subject of controversy, and has been viewed in such opposite lights by many of the ablest men who have given their attention to the most important matters of financial and social interest affecting that Empire. Whatever advantages or disadvantages are anticipated from a direct permanent settlement will be equally caused by the indirect mode of attaining the same object by a redemption of the land assessment.

36. Before entering, however, on the general considerations affecting such a measure, I will advert to those which are peculiar to the proposal of redeeming the assessment. Even if the measure be limited to the redemption of one-tenth of the assessment in any district, it appears to me that a very serious difficulty presents itself at the outset. Unless the fair and equal bearing of the assessment on the estates or classes of land which it comprises be first ascertained it is almost inevitable that loss will be incurred by the State. In all revisions of settlement, even where no increase of the aggregate revenue is obtained, or even expected, it is generally found that, while some estates or classes of land may fairly be subjected to an increased assessment, others will require an abatement, although the majority may probably be left at the existing rates. It is obvious that if a right of redeeming their assessment, by the payment of a capital sum, be given to the landholders to the extent of one-tenth of the aggregate revenue of every district, the owners of those estates will be most anxious to avail themselves of it in which the assessment is the lowest in proportion to the value of the land. On estates where the assessment is so redeemed, the State will necessarily be precluded from raising it at any future period. On the other hand, the redemption being optional, the owners of land on which the assessment may now press unduly would of course decline to avail themselves of the permission, and they could not fairly be deprived of the relief for which they might reasonably look at the next revision of settlement.

because others had taken advantage of it and redeemed their assessment. By this arrangement, therefore, the Government is clearly subjected to a prospective loss. Before redemption can be permitted in any district it is indispensable, therefore, to ascertain that the assessment bears equally on all the estates or classes of land within it.

37. It is of course impossible to foresee to what extent the owners of land would be disposed to avail themselves of permission to redeem the assessment, but we must be prepared to meet the consequences of the disposition becoming general.

38. If the disposition to redeem should exist to any great extent, and if the power of so doing is to be held out as a boon to the landowners generally, it is difficult to see on what principle the permission could be restricted to such proportion of them only as pay one-tenth of the assessment in each district. The whole benefit of such a limited measure might be appropriated by a few wealthy landowners, and no advantage whatever would be derived from it by the great mass of the occupiers of land. The latter body would complain, and I think with good reason, of being unfairly and unjustly treated. It is this class, however, whose condition it is so manifestly the interest of the Government to raise and whose attachment it is so desirable to secure. It seems to me, therefore, that if we go so far as to give a right to redeem to the extent of one-tenth of the assessment, it is impossible to stop at that point. We must go further and contemplate a *general* right to redeem the land assessment.

39. Now, even as regards redemption to the extent of one-tenth, there is a consequence which does not seem to have been foreseen, and which, if the redemption were to become general, would produce great difficulty. The amount of capital which would be required incalculably exceeds what can be supposed to be in the hands of the landowners. Nor, indeed, if they were in a condition to provide such a sum, would it be desirable that so large an amount should be placed at the disposal of the Government, which would find itself in the embarrassing position of having its treasury overflowing with money arising from the capitalization of its annual income, which it would have no adequate means of employing or investing.

40. The objection arising from capitalizing the income of the State, and depriving it in future years of the steady stable resource of the land revenue, on which it can, under all circumstances, confidently rely, is most serious. It is not a consideration of slight importance that, of all sources of revenue, none is so easily collected, and none more willingly paid. Her Majesty's Government would be sorry to deprive the Government of India in future years of this large and most unobjectionable portion of their income, which the people have been immemorially accustomed to contribute, and which consequently has all the authority of prescription and tradition in its favour. These considerations seem to me to be fatal to a scheme of general, or even of a very extensive, redemption of the land revenue.

41. A direct permanent settlement of the land revenue is free from this objection, and it remains, therefore, to discuss the most important question, and to weigh with the greatest care all the considerations by which it ought to be determined.

42. The land revenue of India, as of all Eastern countries, is less to be regarded as a tax on the landowners than as the result of a kind of joint ownership in the soil of its produce under which the latter is divided, in unequal and generally undefined proportions, between the ostensible proprietors and the State. It is not only just, but necessary, for the security of the landowner that the respective shares in the produce should, at any given period, or for specified terms, be strictly limited and defined. The increase of population, the improvement of communications, and the accumulation of wealth have a tendency to increase the extent of cultivation and the value of the net produce or rent, and the Government may rightly claim to participate in those advantages which accrue from the general progress of society. This has hitherto been effected by means of periodical adjustments of the share, or at least of its value in money, which belongs to the State.

43. By many persons great advantages have been anticipated from what is usually called a permanent settlement; that is, by the State fixing, once and for ever, the demand on the produce of the land, and foregoing all prospect of any future increase from that source. It has been urged that not only would a general feeling of contentment be diffused among the landholders, but that they would thereby become attached, by the strongest ties of personal interest, to the Government by which that permanency is guaranteed. It is further alleged that by this means only can sufficient inducement be afforded to the proprietors to lay out capital on the land, and to introduce improvements by which the wealth and prosperity of the country would be increased.

44. In this country these views have been put forward mainly in reference to the settlement of Europeans in India, but they are clearly applicable to the occupiers of land generally throughout India. They have been entertained by many of our ablest officers, and they have recently been advocated by the late lamented Colonel Baird Smith, in relation to their probable effect on the agricultural population of the North-Western Provinces. In his report on the remedial measures required in those districts which had suffered most severely in the late famine, he strongly recommends that a permanent settlement should be accorded wherever the land revenue now assessed may reasonably be assumed to have reached its probable limit. That recommendation was based both on social and financial grounds, and was founded on his conviction of the great benefits which accrued to the country from the demand of the Government having been declared unalterable for a period of thirty years. He desired to confirm and accelerate the improvement which he had witnessed by strengthening the motives which, in his opinion, had produced it. It was his belief that this object could be most effectually attained by the concession of a demand fixed in perpetuity, instead of only for a limited term.

45. On the other hand, it has been urged that the consequence of a permanent settlement of the land revenue is to preclude the Government from ever obtaining any future augmentation of income from this source; and, considering that the experience of all countries advancing in civilization demonstrates that the cost of administration is constantly tending to increase, it follows that the additional charge which will fall on the Government must of necessity be met by taxation in some shape, such as customs, excise, salt, stamp, or income duties. Colonel Baird Smith, in the able paper already referred to, admits that this result will take place, but he argues (paragraph 64) that any sacrifice of public revenue involved in the concession of a demand fixed in perpetuity would be more than compensated by the increased ability of the people generally to bear taxation, direct or indirect, which would necessarily follow on the improvement in their social condition. An "intelligent and powerful Government," he says, "could not fail to participate in these advantages. Its intelligence would direct it to the least offensive and most effective means of sharing in the general prosperity, and its power would ensure the fair trial and ultimate success of those means."

46. It is a serious and difficult question to determine by which course the interests of India will be best promoted. Before deciding on any step by which the prospect of any future increase of land revenue is given up, it must be very carefully considered how far, on the whole, it is likely that the possible sacrifice of increased revenue from this source will be made up by the greater ability of the people to contribute in other ways to the public income, and whether it will be for the general interest to purchase at this price the social and political advantages which have been adverted to.

47. Her Majesty's Government entertain no doubt of the political advantages which would attend a permanent settlement. The security and, it may almost be said, the absolute creation, of property in the soil which will flow from limitation in perpetuity of the demands of the State on the owners of land, cannot fail to stimulate or confirm their sentiments of attachment and loyalty to the Government by whom so great a boon has been conceded, and on whose existence its permanency will depend.

48. It is also most desirable that facilities should be given for the gradual growth of a middle class connected with the land, without dispossessing the peasant proprietors and occupiers. It is believed that among the latter may be found many men of great intelligence, public spirit, and social influence,

although individually in comparative poverty. To give to the intelligent, the thrifty, and the enterprising the means of improving their condition, by opening to them the opportunity of exercising these qualities, can be best accomplished by limiting the public demand on their lands. When such men acquire property and find themselves in a thriving condition, they are certain to be well affected towards the Government under which they live. It is on the contentment of the agricultural classes, who form the great bulk of the population, that the security of the Government mainly depends. If they are prosperous, any casual outbreak on the part of other classes or bodies of men is much less likely to become an element of danger, and the military force, and its consequent expense, may be regulated accordingly.

49. The strongest opponents of a permanent settlement would probably admit the political and social advantages of such a measure. Their main argument against it is based on the financial consideration that, by means of temporary settlements, the land revenue might be raised from time to time, according to the expected rise in the value of land, and that, by this means also, the loss might be avoided which in all cases of fixed money payments must ensue if a depreciation of the value of the precious metals should take place.

50. It is indispensable, of course, that, whether with a view to redemption, even to the extent of one-tenth of the revenue, or to a permanent settlement, the preliminary step of a revision of the present assessment must be taken. In the first instance, whichever course may be finally adopted, a full, fair, and equitable rent must be imposed on all lands now under temporary settlement; and when that has been accomplished, Her Majesty's Government are of opinion that a permanent settlement may be safely applied. This was the course recommended by one of the ablest and most distinguished men who ever was called on to bear a part in the administration of British India. In his celebrated Minute of the 31st December 1824, Sir Thomas Munro, then Governor of the Presidency of Madras, several times refers to this subject, and particularly in the following passage: "No survey assessment of a great province," he says, "can ever at once be made so correct as not to require future alteration; when, therefore, it has been completed with as much care as possible, a trial should always be made of it for six or seven years. This period will be sufficient to discover all defects in the assessment. A general revision of it should then be made, and wherever it might be found too high it should be lowered, and it may then, with safety to the revenue and benefit to the people, be made permanent."

51. When once the rent has been properly fixed, any increase consequent on the natural progress of society will in all probability take place but slowly, and reach no great amount until after a considerable interval. It must be remembered that, in all the revisions of settlement which have taken place of late years, the tendency has been towards a reduction in the rates of assessment. Wherever the settlements have been carefully made, and the capabilities of the country have been well ascertained, the probability of any considerable increase of land revenue appears to be but slight.

52. The necessity for the reduction above noticed seems to have been caused mainly by the depreciation in the value of the crops from the increased production consequent on the greater tranquility of the country under British rule. There are at present symptoms of a rise in the price of agricultural produce, caused probably, to a great extent, by the increased employment of labour in the construction of railways and other public works. But the railways, when completed, while they will contribute largely to the development of the resources of India, may, in some degree, counteract this tendency. The great differences in the price of food in districts at no great distance from each other, so that while one was in a condition bordering on famine, others enjoyed comparative plenty, will cease to exist, at least to the same extent, when ready and cheap means of transport shall have been provided. Produce from the interior will be more readily brought to the centres of consumption or of exportation, and the value of land in the interior will be thereby increased; but, on the other hand, the value of the produce of land near large towns and the coast will be reduced by the competition of the produce of the interior. The probable effect of the railroads would seem to be towards the equalization

of the prices of produce in different parts of India, and a general improvement in the wealth of all classes of the country, rather than to give any peculiar advantage to the landholders.

53. That this general improvement will be accelerated by a permanent settlement Her Majesty's Government cannot entertain any doubt. A ready and popular mode of investment for the increasing wealth of the country will be provided by the creation of property in land, and all classes will benefit by the measure. On the agricultural population the effect will be, as pointed out by Colonel Baird Smith in the able paper already referred to, the elevation of the social condition of the people, and their consequent ability, not only to meet successfully the pressure occasioned by seasons of distress, but, in ordinary times, to bear increased taxation in other forms without difficulty; the feeling of ownership, or, in other words, the absolute certainty of the full enjoyment of the reward for all the labour and capital which they may invest in the land, will be sure to call out all their energies for its improvement. Her Majesty's Government confidently expect that a people in a state of contentment and progressive improvement will be able without difficulty to contribute to the revenue in other ways to such an extent as to more than compensate for the disadvantage of foregoing some prospective increase of that from land.

54. The example of Tanjore may be cited in confirmation of this view.

Minutes by Sir C. E. Trevelyan. It has been for many years so moderately assessed, dated 18th and 28th January 1860. that a feeling of private property in the soil has continued to exist among the people to such an extent that land sells, on an average, for twenty years' purchase. This district is eminently in one which a permanent settlement might properly be established; and that such a measure would lead to no loss of public income may be inferred from the fact that in it the receipts from salt, abkari, and stamps have in ten years risen from Rs. 6,54,500 to Rs. 9,50,500, or nearly 48 per cent.

55. It must also be remembered that all revisions of assessment, although occurring only at intervals of thirty years, nevertheless demand, for a considerable time previous to their expiration, much of the attention of the most experienced civil officers, whose services can be ill spared from their regular administrative duties. Under the best arrangements, the operation cannot fail to be harassing, vexatious, and, perhaps, even oppressive to the people affected by it. The work can only be accomplished by the aid of large establishments of native ministerial officers, who must, of necessity, have great opportunities for peculation, extortion, and abuse of power. Moreover, as the period for resettlement approaches, the agricultural classes, with the view of evading a true estimate of the actual value of their lands, contract their cultivation, cease to grow the most profitable crops, and allow wells and watercourses to fall into decay. These practices are certainly more detrimental to themselves than to the Government, but there can be no question that they prevail extensively. The remedy for these evils, the needless occupation of the valuable time of the public officers employed in the revision, the extortion of the subordinate officials, and the loss of wealth to the community from the deterioration of cultivation, lies in a permanent settlement of the land revenue.

56. The course of events which has been anticipated is, indeed, only that which has taken place in every civilized country. Experience shows that in their early stages nations derived almost the whole of their public resources in a direct manner from the produce of the soil, but that, as they grew in wealth and civilization, the basis of taxation has been changed, and the revenue has been in a great degree derived indirectly by means of imposts on articles which the increasing means of the people, consequent on a state of security and prosperity, have enabled them to consume in greater abundance. I am aware that it has been stated as an objection to promoting such a course of things in India, that, in most European countries, the advantages of this change have been mainly appropriated by the large landowners; but it must be remembered that in India, and especially in the districts under ryotwari settlement, the great bulk of the agricultural population are the proprietors, subject only to the payment of the assessment of the land which they till; and that, consequently, the benefit of a permanent settlement would be enjoyed, not by a narrow and limited class, but by the majority of the people.

57. The apprehension of a possible fall in the relative value of money, which has been previously noticed, though deserving consideration, does not seem to Her Majesty's Government to be of sufficient moment to influence their judgment to any material extent in disposing of this important question.

58. After the most careful review of all these considerations, Her Majesty's Government are of opinion that the advantages which may reasonably be expected to accrue, not only to those immediately connected with the land, but to the community generally, are sufficiently great to justify them incurring the risk of some prospective loss of land revenue in order to attain them, and that a settlement in perpetuity in all districts in which the conditions absolutely required as preliminary to such a measure are, or may hereafter be, fulfilled, is a measure dictated by sound policy, and calculated to accelerate the development of the resources of India, and to ensure, in the highest degree, the welfare and contentment of all classes of Her Majesty's subjects in that country.

59. They consider that the direct mode of making a permanent settlement is preferable to the indirect one of obtaining a similar result by conceding to the landholders the right to redeem their assessment. They do not believe that the power to redeem the land revenue is necessary to induce the landholders to incur expenditure in the improvement of their property. What is really required, in order to call into effective action their enterprise and capital, is not an exemption from all payments to the Government on account of their estates, but the fixing those payments in perpetuity, at a moderate and certain amount. In Bengal, where a permanent settlement was made with the zemindars seventy years ago, the general progress of the country in wealth and prosperity, notwithstanding the depressed condition of the peasantry, caused by errors and omissions in the mode of making the settlement, has been most remarkable. Such errors in the existing state of our knowledge regarding the rights and interests of the subordinate occupants of the soil would not be permitted to recur.

60. It must be remembered that, with a view to attaining the objects aimed at, of improving the condition of the people and enabling them to contribute in other ways to the public revenue, it is essential that the measure should be generally brought into operation. The improved condition of a limited number and of an exceptional class would add little to the contentment of the population, or to the resources of the public treasury. No measure can be really effective for such purposes unless it can be brought to bear on the general mass of the population.

61. Although, therefore, the acquisition of a permanent tenure free from rent might be more acceptable to the European capitalist, it is certain that, to the native agricultural population of India, who do not possess capital, permanency of tenure and fixity of rent will afford all that they require, or from which they could derive any benefit. To hold out to them as a boon the offer of redemption, of which hardly anyone could avail himself, would be merely illusory, nor would the object be attained which is prescribed in Lord Stanley's Despatch, that in any recommendation which might be submitted, the proposed benefits should be participated in by the agricultural community generally. By the Madras freehold rules it was at first directed that the sales should be made without any reservation of rent, but the plantors complained that the capital required for clearing the forest would be exhausted in paying the purchase-money. The capital which would be absorbed in purchasing the fee simple and redeeming the land tax would be more profitably expended in improving the land.

62. In either case, whether the land revenue were redeemed, or its amount fixed in perpetuity, the benefit of all improvements would equally go into the pocket of the landholder, nor could he have any difficulty in paying the moderate rent which is now universally fixed on revising the assessments.

63. Her Majesty's Government have, therefore, determined to limit the power of redeeming the land revenue to such cases as are referred to above in paragraph 26; but they have resolved to sanction a permanent settlement of the land revenue throughout India. It will, however, still remain to be determined how far any particular district is in a condition to warrant the practical application of the measure at the present time.

64. There are doubtless parts of the North-Western Provinces, and probably of the Punjab, where so large a proportion of the soil was already under cultivation when the existing settlements were made, that, assuming the rates of assessment to have been fairly adjusted to the capabilities of the land, little or no increase can be expected in the revenue, on the revision which will take place on the expiration of those settlements. Such districts, provided that the assessment is not only adequate in amount, but also equally distributed, may be considered to be in a condition in which the introduction of a permanent settlement might properly be permitted.

65. In other parts of these Provinces, a large proportion of the land is still uncultivated, and does not consequently yield to the public treasury a return commensurate with its prospective capabilities; while in recently-acquired territories, such as Oudh and Nagpore, which are still unsurveyed, no means exist for determining either the adequacy of the amount, or the equality of the pressure, of the present assessment.

66. In the ryotwari districts of Madras and Bombay, the difficulties in the way of a permanent settlement appear to Her Majesty's Government to be the greatest.

67. In the former presidency the revision of the assessment, for the purpose of bringing it into accordance with the present circumstances of the people and the country, has only recently been commenced. The existing settlement records, which determine the supposed extent of each holding, and, by consequence, the actual rate of assessment, are in many cases untrustworthy. It is true that by the increase of cultivation, which has ensued on the reduction of the assessment on the higher classes of land, a greater aggregate revenue has been obtained; and although some increase may be found practicable in the rates on the lower classes, it is probable that the general result will be a reduction in the average rates. At all events, there is ample evidence that the actual incidence of the assessment, as regards particular fields or estates, requires careful readjustment. It was with the view of equalizing the pressure of the assessment, and with no desire or expectation of increasing its amount, that the arrangements now in progress, estimated to cost at least three-quarters of a million sterling, were sanctioned by the Home authorities.

68. In Bombay the revised assessment, though still in progress, has been, throughout a large portion of the presidency, for many years in operation. It is well understood that the existing rates were adapted rather to the depressed circumstances of the agricultural population at the time when they were imposed, than to the prospective capabilities of the soil. The measure has been in all respects successful, and it is believed that the condition of the people has advanced so rapidly that, on its revision, a very considerable increase may be effected in the rates, without any undue pressure on the resources of the people.

69. Her Majesty's Government consider, therefore, that although for different reasons those two presidencies are not at present generally in a condition which would warrant them in authorizing a permanent settlement of the land revenue on the assessed lands at the existing rates. In both presidencies, however, as districts are gradually brought under the revised assessment, and when there is reason to believe that the land revenue has not only reached its probable limit, but that it is equitably distributed over the lands affected by it, this restriction will no longer be needed.

70. It is obvious that the process of introducing a permanent settlement must be very gradual, and this circumstance is not without its advantages. It would be impossible at one time to provide establishments large enough for a general revision of the assessment throughout the whole of India, and the effect of the measure may be watched in its progress. If any unforeseen difficulties occur, there will be time to take measures for obviating them. If the anticipations of a rise in the value of land, or of a depreciation in that of the precious metals, should be realized, any loss from these sources could be avoided in subsequent settlements, and the principal objections to the measure would be in great measure disposed of.

71. It is to be hoped that the greater interest which the influential classes would acquire in the preservation of peace and order might enable the Govern-

ment to reduce its military establishments, at any rate to such an extent as to provide for the increased charge of civil administration which improvements in civilization always render necessary.

72. I have therefore to announce to Your Excellency in Council, as the result of the foregoing considerations, that as regards all districts or parts of districts in which no considerable increase is to be expected in the land revenue, and where its equitable apportionment has already been, or may hereafter be, ascertained to your satisfaction, Her Majesty's Government will be ready to sanction, on your recommendation, or that of the Local Government supported by you, the settlement in perpetuity of the assessment at the present or the revised rates.

73. I have accordingly to request that you will place yourselves in communication with the several Local Governments, in order to ascertain from them the extent to which, in their judgment, it may be expedient to apply this important measure to the territories under their immediate administration. In the North-Western Provinces, where the revision of the thirty years' Settlement has already commenced, it is possible that several districts are now in a condition to justify immediate action. In the Presidency of Madras, the result of the survey and settlement operations which have been recently commenced will show how far the districts have yet attained the condition contemplated by Sir Thomas Munro, in the extract already quoted, as warranting the establishment of a settlement in perpetuity; while, in the revised portions of the Bombay Presidency, it will probably be deemed prudent to await the expiration of the thirty years' leases, which will begin to expire in three or four years, before taking any steps for giving permanency to existing arrangements.

74. I must remind you that, wherever a permanent settlement is made directly with individuals or communities for estates, in which other persons possess subordinate rights and interests, those rights and interests should be guarded with the greatest care, so as to avoid the errors which are now acknowledged to have been committed in respect to the permanent settlement of Bengal.

75. With regard to the investment of the amount which may be received by the Government from sale of waste lands, or in commutation of land revenue, I observe that it is declared, in paragraph 56 of the Resolution, that "with a view to secure the Government and the public creditor against any loss of existing sources of Government income, provision will be made by law that sums paid in purchase of waste lands or in redemption of land revenue, or in otherwise forestalling the land revenue, shall be paid to Commissioners, and periodically invested in such manner as the law may direct;" and that the reports of the Commissioners shall be regularly published. In reference to this arrangement, I have to desire that all moneys received on these accounts should be invested, not periodically, but as soon as practicable, and, as a rule, in the 4 per cent. loan. The price of redemption should be variable according to the actual value at the time of that stock, so that the amount paid, when so invested, may produce a dividend equivalent to the annual revenue which will thereon cease to be received.

76. Your Excellency in Council will understand that the instructions contained in this Despatch supersede at once the provisions of the Resolution of the 17th October 1861, so far as they are inconsistent with them, and that fresh regulations must be prepared and submitted for the approval of Her Majesty's Government. It is not, however, intended that these orders should have retrospective effect, and if any arrangements, in regard either to the purchase of waste lands or the redemption of land revenue, have been actually completed under the provisions of the Resolution, they must, so far as is compatible with the law, be scrupulously carried into effect. You will, however, furnish me with a special report showing the extent to which any such arrangements may have been made.

77. Copies of this Despatch will be forwarded for the information and guidance of the Governments of Madras and Bombay.

No. 22.]

No. 4206, dated Fort William, the 15th August 1862.

From—E. C. BAYLEY, Esq., Secretary to the Government of India, Home Department,
To—The Secretary to the Government of Bengal." " North-Western Provinces and Oudh.
" " Punjab.

I AM desired to transmit, for the information and guidance of the Lieutenant-Governor, Revenue No. 14, dated 9th July 1862. copy of a despatch received from the Secretary of State, regarding the sale of waste lands and the redemption of the existing land revenue.

* * * * *

18. With respect to that part of the Secretary of State's despatch which discusses the important questions of a redemption of the land revenue and of a permanent settlement, the Governor-General in Council thinks it unnecessary at present to do more than point special attention to the conclusion which is announced in the 26th and the 63rd paragraphs as to the extent to which redemption of the existing land revenue is to be permitted, and to the 72nd paragraph, in which the conditions are finally stated, which, in the opinion of Her Majesty's Government, should be attained before a permanent settlement is conceded. It will be observed that this paragraph contemplates that the previous sanction of Her Majesty's Government should be obtained to the introduction of a permanent settlement in any district. Early steps should therefore be taken to obtain the information which will be required to enable the Local Government to submit the report referred to in the 73rd paragraph, as to the extent to which it may now be expedient to give effect to this important measure.

No. 23.]

Nos. 4244 and 4245, dated the 15th August 1862.

From—E. C. BAYLEY, Esq., Secretary to the Government of India, Home Department,
To—The Secretary to the Government of Madras.

" " Bombay.

^{• Vide Paper No. 21.} WITH reference to the Despatch of the Secretary of State to the Government of ^{Fort St. George} _{Bombay}, in the Revenue Department, No. 17, dated the 9th July last, communicating a copy of his despatch to this Government, No. 14, of the same date, regarding the sale of waste lands and the redemption of the land revenue, I am directed by the Governor-General in Council to forward for the information of His Excellency the Governor in Council the accompanying copy of a circular letter this day addressed on the subject to the Governments of Bengal, the North-Western Provinces and Oudh, and the Punjab.

2. The Governor-General in Council requests that a copy of the rules which the Government of ^{Fort St. George} _{Bombay} may adopt for regulating the sale of waste lands in that Presidency, in conformity with the modified provisions now prescribed by Her Majesty's Government, be communicated to this Government as soon as possible.

3. His Excellency in Council further requests to be favoured at an early date with the views of the Government of ^{Fort St. George} _{Bombay} as to the extent to which the important measure of a permanent settlement of the land revenue, subject to the conditions prescribed by Her Majesty's Government, is applicable to the territories under the ^{Madras} _{Bombay} Presidency.

No. 24.]

Circular No. 480, dated Fort William, the 30th August 1862.

From—H. M. DURAND, Esq., Secretary to the Government of India, Foreign Department,
To—The Officiating Chief Commissioner of Oudh.

" " British Burma.

" " Central Provinces.

The Commissioner of Mysore.

I AM directed to forward for your information and guidance the accompanying copy of instructions issued by the Government of India in the Home Department to the Governments of

^{† Vide Paper No. 22.}

Bengal, North-Western Provinces, and Punjab regarding the sale of waste lands and the redemption of the existing land revenue, together with a transcript of the despatch from Her Majesty's Secretary of State for India on which those instructions are based, and to request that the reports called for may be submitted with as little delay as practicable.

No. 25.]

No. 567, dated the 23rd January 1863.

From—E. C. BAYLEY, Esq., Secretary to the Government of India, Home Department,
To—H. L. ANDERSON, Esq., Chief Secretary to the Government of Bombay.

WITH reference to the letter from your office No. 4267, dated 22nd November last, I am directed to say that the Governor-General in Council approves of the proceedings of the

That "when land has been surveyed and marked off into fields by the Settlement Officers, no portion of a survey field be ever transferred: the grant invariably made to include the whole survey numbers or fields."

^{‡ Not printed.}

Bombay Government in having sanctioned the proposal of the Commissioner of Sind for the adoption in that Province, with the modification noted in the margin, of the rules published by the Government of Bengal for the sale of unassessed waste lands.

2. It appears to have been decided by the Governor in Council that "the question of redemption of land tax will not apply to Sind" owing to the unsatisfactory character of the existing settlement, which does not enable the Government as yet "to fix any fair assessment on the land." The question, however, which was asked in the 3rd paragraph of this office letter No. 4245, dated 15th August last, had reference not to the redemption of land tax, but to the permanent settlement of the land revenue. It is presumed that the words "redemption of the land tax" have been used in your letter under acknowledgement and its enclosures by mistake for "permanent settlement."

(Reported to the Right Honourable the Secretary of State for India in Letter No. 3 of 1863, dated the 2nd February.)

No. 26.] Extract from the Proceedings of the Government of Bombay in the Revenue Department.—
No. 2353, dated 1st August 1873.

Read the following papers:—

1. Letter from Mr. E. C. Bayley, Secretary to the Government of India, to Mr. H. L. Addison, Chief Secretary to the Government of Bombay, No. 567, dated 21st January 1873.
2. Report by S. Marshall, Esq., Commissioner in Sind, No. 188, dated 21st July 1873.

The Commissioner in Sind begs to report that a permanent settlement of the land revenue in Sind could not be introduced into Sind till the operations of the Revenue Survey are completed, or about ten years hence, for there are no data in existence on which a fair and equitable assessment could be fixed on the land.

2. Regarding the general question of a permanent settlement of the land revenue of India, the Commissioner in Sind is inclined to think that it would be extremely hazardous on the part of Government to concede its right to increase the assessment on land as its increases in value.

3. It is almost unnecessary to remark that the land tax is extremely popular with the native community. It has been paid without murmur from time immemorial, and an increase in it has never been objected to when the exigencies of the State demanded it. It is lighter now than it ever was before, and admits of indefinite extension. Such being the case, which nobody acquainted with India and its institutions can deny, the undesignate cannot understand why, in the absence of all complaints by the people, the Government should deprive itself of such a fertile source of revenue.

4. Her Majesty's Government appear to think that great political advantage would be gained in the security and the increased value given to the land by the Government limiting its claim in perpetuity, and the people would be more loyal and attached to Government in consequence. With all due deference, the Commissioner begs to dissent from these conclusions: he is not aware that the holders of rent-free lands whose lands involve in the mutinies more loyalty than the occupant of land paying revenue to Government, and he does not think that a permanent settlement in lieu of the present system of leases would create, in the minds of the landholders, a feeling of greater security and greater attachment to Government than exists at present, because they are in a better position than they ever were before; they know that so long as they pay their rent they cannot be turned out of their land; that no additional rent will be demanded during the term of the lease if the land is made more valuable by improvements; that in the event of a failure of crops a portion of the rent will be remitted; and that they can, if they wish, throw up the whole or a portion of their land whenever they please. Under a permanent settlement the true rent would always be demanded, whatever might be the fluctuation in the value of the precious metals, and to whatever extent the crops might fail, and in the event of non-payment the tenant would be sold out.

5. Secondly, I very much doubt if the concession of Government to limit its demand would be at all appreciated by the landholder. At the time of making the permanent settlement a rate of assessment would be fixed quite as high as the land could then bear, and higher than the last two generations have been in the habit of paying. The occupant might perhaps find it quite as much as he could do to pay it, and if he were told it would never be raised again, would not understand that the Government intended conferring any benefit on him. He is very illiterate and very short-sighted. He has had no experience of the wonderful manner in which property increases in value by good government, till within the last twenty years he had great difficulty in paying his rent, and though, from various causes, he is now in a much better position than formerly, he cannot look so far forward as to realise to himself the probability of a gradual rise in the value of land, and the benefit he and his posterity would enjoy in consequence.

6. The Commissioner in Sind is strongly of opinion that, taking into consideration the present state of the great body of the landholders, their ignorance and their want of capital, that they are better off under a system of leases than they would be under a permanent settlement. As civilisation progresses the cost of administration tends to increase, and if a limit to the demands of the State on the land is fixed, it will be difficult to provide funds to meet the wants of Government. The natives of India are most impatient of taxation. They look on the salt tax and stamp duties as most oppressive. They have evaded payment of the income tax by every possible means, and had it not been for the successful manner in which the mutinies were put down, would have resisted payment by force, and would, if they dated, make the same opposition to any other tax. They consider the land the property of the State, that the revenue derived therefrom is sufficient for its expenses, and all other taxation arbitrary and unjust.

7. The Commissioner in Sind must therefore repeat that he considers the limitation of the Government claims on the land a most hazardous measure, and calculated to cause great financial confusion hereafter.

RESOLUTION, No. 2554, dated 1st August 1863.—Copy to the Government of India. The remark in paragraph 2 of the letter to the Government of India, No. 4267 of 22nd November 1862, had reference to paragraph 9 of the letter from the Commissioner of Sind, No. 282 of the 24th October, of which a copy was sent to the Government of India.

No. 27.]

No. 5426, dated the 28th August 1863.

From—J. W. S. WILLIE, Esq., Under-Secretary to the Government of India,
To—The Secretary to the Government of Bombay.

* Vide Paper
No. 26.

WITH reference to your endorsement *No. 2554, dated the 1st instant, I am directed by the President in Council to inquire whether it is to be understood that the Government of Bombay concur in the views expressed by the Commissioner of Sind in regard to the expediency generally of a permanent settlement of the land revenue.

No. 28.]

No. 836, dated Bombay Castle, the 8th March 1864.

From—A. D. ROBERTSON, Esq., Offg. Chief Secretary to the Government of Bombay,
Revenue Department,
To—The Under-Secretary to the Government of India.

† Vide Paper
No. 27.

No. 5426,† dated 28th August 1863, enquiring with reference to the communication from the Bombay Government, No. 2554, dated 1st instant, whether "it is to be understood that the Government of Bombay concur in the views expressed by the Commissioner of Sind in regard to the expediency generally of a permanent settlement of the land revenue."

secure himself against a taxation of his improvements made during the currency of his lease.

2. Such means, I am to observe, would be afforded by any permission to redeem the land tax on land which the occupant has improved or wishes to improve. If this were granted, the system of 30 years' settlement now in force seems to His Excellency in Council preferable to any permanent settlement.

PART III.—Papers on the subject of a Permanent Settlement in Upper India.

No. 29.] Note by W. MUIR, Esq., Senior Member of the Sudder Board of Revenue, North-Western Provinces, upon the principle to be adopted in reference to the extension of the Permanent Settlement of the Land Revenue.

"In order to prevent any undue sacrifice, it has been determined that the claim of the Government against an estate is not to be fixed until it has been cultivated up to a fair average, leaving only the usual proportion of waste land for pasture.

"I have long been of opinion that a well-considered arrangement for fixing the land tax would, besides indirectly augmenting other sources of revenue, increase the productiveness of the land tax itself.

"The Government can, under no circumstances, demand more than a moderate assessment. When, therefore, the cultivation has nearly reached its maximum, our obvious policy is to fix the assessment, and to trust for the further improvement of the revenue to the outlay of capital and the accretion of wealth, which are the natural results of permanency of tenure, besides diminished expenses of collection and certainty of receipts. Thus the country becomes divided between estates the assessment of which has been fixed, and estates which the owners are endeavouring to cultivate up to the point which will qualify for its being fixed, and it is difficult to say which condition is most conducive to the increase of the revenue."

3. This has been resolved on (it is said) as a precaution against "any undue sacrifice" of the Government assessment; and it is also believed that the eagerness of proprietors to have a permanent settlement will prove the utmost possible stimulus to agricultural progress, as no effort will be spared till cultivation is extended up to the required limit.

4. It appears to me that an important element in the motives which operate upon the agricultural community has been left out of account in this statement; but before proceeding to consider it I will advert to one or two minor difficulties.

WITH reference to your letter noted in the margin, I am directed to state that His Excellency the Governor in Council considers the present system of leases in Sind, and in this Presidency generally, far superior to a permanent settlement of the land revenue under the present circumstances of the country, provided there is any means whereby the occupant may, if he so pleases,

I HAVE taken the accompanying extract from the late Financial Statement by Sir Charles Trevelyan.

2. It appears to point to a determination, come to by the Government of India, to grant a permanent settlement, not upon general considerations attaching to a wide extent of country, such as a district or pergannah, but with individual reference to each estate; that is, the proportion between the cultivated and fallow lands in every estate is to be calculated; where the cultivated area exceeds a fixed ratio, a permanent settlement of the revenue is, *ipso facto*, to be granted; where it falls short of that proportion, the permanent settlement is to be withheld until the said proportion is reached.

5. In the first place, fallow land is of every variety, good, bad, and indifferent; from that class which is barely culturable, and which is not brought under cultivation till rent has reached its utmost limit, to the best descriptions which are left out of cultivation purely from indifference, indolence, or want of labour and capital. It will not be easy to lay down "a fixed average," the application of which shall not press hardly upon villages containing a large proportion of the former class of fallow, by shutting them out on that account from the privilege of a permanent assessment, or, on the other hand, unduly favour estates possessed of the latter class. A similar remark obviously occurs in reference to that class of lands which bear cultivation for only a certain number of years, and are then abandoned, to be taken up again at some future period. It is often difficult to distinguish between these and ordinary waste, and yet, to be just and equitable, a distinction would be necessary.

6. If a discretion is to be allowed to the Settlement Officer in reference to the above points, and an inquiry is to be instituted into the *character* as well as the *extent* of the fallow, the process will become complicated, and may assume an appearance of arbitrariness which would affect the motives it is expected will be created by the system.

7. Again, a more important distinction may prevail between different estates or tracts of country, in consequence of varying kinds and stages of agriculture, than in consequence of the varying proportion of fallow land. A village may be entirely cultivated in the rudest and most indifferent manner, *ex gr.*, with wild rice, or *mungooa*, crops hardly yielding a surplus beyond the support of the tillers of the soil. Is such a backward state of things to be accepted as a token that the village is ripe for a permanent settlement? Yet in such an estate there may not be a single acre of actual fallow land. It appears to me that the stage to which agricultural improvement has reached in the vicinity, generally, would be a far surer test of fitness for a permanent settlement than a reference in each case to the simple ratio of waste to cultivated lands.

8. A similar observation is applicable to the scale of rents prevalent in any tract of country. Where there is great agricultural depression, no outlet for resources, a sparse and scanty population, the standard of rent will be low. An estate, even if completely cultivated, would, in such a tract of country, yield only the rates of rent prevalent in the vicinity, and no higher rates. Is the mere fact that an estate happens to be cultivated up to a certain point, at such inadequate rents, a valid reason for assessing that estate at an insufficient sum for ever; or ought it not rather to wait, with the rest of the tract, the depression of which it shares, until a sufficient degree of prosperity has been attained to warrant a perpetual settlement at a full and adequate assessment? This is the ground on which, in my note on permanent settle-

* 5th December, paragraph 58. ments,* and in our late address, dated 21st February, our Board has questioned the preparedness of any part of the late Jubbulpore Division for an immediate permanent settlement.

9. On the same grounds, it seems to me that in such a tract as the Terai, or indeed in any outlying and but partially reclaimed quarter, it would be unwise to establish the test proposed, and confer a perpetual settlement on individual villages here and there, which, though they may have a certain proportion of lands under cultivation, cannot but be involved in the general depreciation of all landed property in the vicinity, caused by the backward state of the country, and which consequently share also in the inadequate assessment of the tract.

10. It appears to me that the general state of the district, tract, pergunnah, etc., would be a far more satisfactory test; and that, by following it, any undue sacrifice of the Government revenue would be far mere surely guarded against than by taking the ratio of cultivated lands as the test for each estate. Labour, capital, rates of rent, agricultural skill, introduction of valuable staples, all these reach a general level simultaneously over some considerable extent of country; and it is by them that the value of an estate, the estimate of its assets, and the pitch of the Government assessment are affected. Where these are in advance, no estate can well lag behind. Speculators, farmers, purchasers are at hand to supplant the indefeat and backward. In all such districts, or portions of districts, the assessment is fixed upon average rates and general principles common to the whole tract. There can be no fear, as a rule, of any loss to Government by declaring the assessment on all such tracts, after careful revision, to be permanent, without any reference in individual cases to the proportion borne by the cultivated to the uncultivated area.

11. Of course, there may exist exceptional cases, where, from some cause, an adequate assessment has not been reached, and where, if a village be not yet prepared for such adequate assessment, it may be expedient to declare the assessment temporary (not indefinitely, but) for a certain term of years. A *fixed* term is necessary to secure any improvement.

12. And this brings me to the main objection against the proposed procedure, *viz.*, that it perpetuates in still greater force the evils of temporary settlements. The proprietor is told that his estate is not sufficiently advanced for permanent assessment; that he is to go on improving it; and that, when the cultivation has reached certain limits, the revenue then assessed will be fixed in perpetuity. This is, in effect, to expect that the proprietor will strive to accomplish results the direct tendency of which will increase the demand of Government against him. The fear of this will altogether outweigh the desire for a permanent settlement. The object of native proprietors is not so much to obtain a permanent assessment as to obtain a permanently *low* assessment. Indeed, looking more to the present than to the future, they would incomparably prefer a temporary light assessment to a permanent one in any degree higher. The very fact that a permanent assessment is known to be in prospect will render every rupee of reduction vastly more valuable than under a temporary settlement. The sacrifices and devices which are resorted to at our re-settlements, and for some period preceding, to

make the assets appear, or actually to become, less, will consequently be practised in a still greater degree, at least the motives for them will be intensified. The result, to my apprehension, will be that, instead of owners being induced "to endeavour to cultivate up to the point which will qualify" for a permanent settlement, the inducement will be directly the reverse. There will be an ever-present endeavour on their part to depreciate the apparent value of their properties, thus to overreach the Revenue authorities, and to secure a light assessment. The system will tend to agricultural depression and to eventual loss in land revenue.

13. These results, which are to be deprecated not so much for their injury to the revenue, as to the general prosperity of the country, will be obviated by adopting the simple rule that the introduction of a permanent settlement is to depend on the condition of the district, pargannah, or tract of country; and that all estates (besides such as may be *specially* excepted) lying within those boundaries shall be permanently settled. The blessings of a perpetually fixed demand will thus be secured to all, and a common impetus imparted in the advance towards improvement.

14. I know not whether Sir Charles Trevelyan's remarks have any special reference to these provinces, or how far they may point to a decision already come to by the Viceroy; but on the supposition that no such decision has been actually come to (as none such has yet been communicated to us, although several references are now before the Supreme Government), and that the subject is yet fairly open to discussion, I think we might, without impropriety submit our views on this important topic to the Government.

PERMANENT SETTLEMENT.

No. 20.] MINUTE, dated 20th July 1863, by the Honourable Mr. E. DAWMMOND, Lieutenant-Governor of the North-Western Provinces.

I AGREE generally in the views expressed by Mr. Muir in this note,* but he appears to me to have laid too much stress upon the remarks quoted from Sir C. Trevelyan's Financial Statement, which were probably not intended to mean more than what Mr. Muir himself admits, that the permanent settlement should be granted only when the general condition of the estate or district is that of a fair average of cultivation; that is, as explained in a following paragraph, when the cultivation has nearly reached its maximum, and further improvement can be looked for only from that outlay of capital and accretion of wealth which are the natural results of permanency of tenures.

The sentence in Sir C. Trevelyan's statement, however, immediately preceding those extracted by Mr. Muir is, no doubt, inconsistent with the facts in these provinces; for, as explained in the 12th paragraph of Mr. Muir's note, and as proved by all experience, the prospect of either permanent or temporary settlement acts as a check rather than as a stimulus to the extension of cultivation.

The general question of permanently settling the Government demand upon the land in the North-Western Provinces has been fully and ably discussed in the Minutes of the late Lieutenant-Governor, and of the members of the Board of Revenue, as recorded in the proceedings of this Government, dated 31st May 1862, and already communicated to the Supreme Government; upon which no final expression of opinion has yet been received, though, as represented by the Board, the subject is one which calls for early decision.

I therefore gladly avail myself of this opportunity of recording some brief remarks upon various matters connected with the practical application of a permanent settlement to these provinces; and I do so the more readily because the satisfactory completion of these settlements will form a very important part of the duties of this Government for several years to come, and there is no question which will more deeply and directly affect the welfare and progress of the people, and upon which therefore it can be more necessary that the policy and procedure of the Government should be maturely considered and carried out upon sound and intelligible principles.

The propriety of a permanent settlement of the land tax, so soon as the condition of the country will warrant it, and the necessity for a preliminary revision of the assessment, are questions upon which I will assume that there is no longer any difference of opinion; it remains to consider how this great boon may best be conferred with due regard to existing rights, and without unnecessary expense either to the people or the State.

Existing practice, in regard to the investigation and record-of-rights connected with the land, may be regarded generally as sufficient; but there are some questions affecting under-tenures upon which a more definite understanding is very much needed, and that without delay, and the early revision of settlements, if carefully carried out in the manner I propose, will be the more valuable, as it will tend greatly to allay, if not altogether to remove, that disturbance of customary rights among the agricultural classes, almost amounting to revolution, which has been produced by the enactment of Act X of 1859, and which in Bengal has been so prolific of ill-feeling between landlords and tenants.

Apart from its effects upon individual rights, the objections which have been made against the permanent settlement in Bengal, and against many of the settlements in these provinces, have arisen principally from the dearth of well-qualified supervising officers, from the rapidity with which the assessments were completed, and from the necessarily superficial character of the investigations into the assets of each estate. There is no reason why these errors should be repeated; there is no need for undue haste; the determination of Government to concede a permanent settlement, whenever the condition of an estate may warrant it, having once been announced, the Government may take its own time in converting temporary

^t"But everywhere
except where the
land revenue has
been already per-
manently settled,
the hope of obtain-
ing that great boon
furnishes a power-
ful additional
motive."

settlements into permanent ones, according to the evidence adduced, that an accurate and trustworthy valuation of the assets has been arrived at.

For the attainment of this object it has first to be determined what value shall be assigned to the revisions of settlement recently completed or now in progress; and, secondly, whether it will be possible for the future to secure equally or more correct valuations of estates without subjecting their owners and the people generally to those exactions which are admitted to be inseparable from the existing system.

There is one question, however, of great difficulty in connection with any permanent settlement upon which, before proceeding further, it may be well to offer a few remarks; I refer to the question of the claim of the State (in addition to any water rate levied by the canal authorities, which is in the nature of a moderate rate of interest upon the capital expended by the State) to a share in the enhanced profits which may hereafter accrue from the extension of irrigation from canals constructed at the sole cost of Government.

As respects lands which have already come under the influence of the canals, and where canal irrigation has reached its full development, the Government will obtain its fair share of improvement at the present revision of assessments; but as regards lands which have not yet, but may hereafter, benefit by the extension of canal irrigation, the Government will by a permanent settlement apparently forego all right to any future additional revenue. This is urged as an argument against any immediate permanent settlement at all, and the difficulty which it is sought to overcome, and for which a variety of measures have been suggested, is that of reconciling a permanently fixed assessment with the reservation of a right to participate in future profits.

It seems to me, however, that undue prominence is given to this idea of a Government claim to share in prospective profits. No one would maintain that because a proprietor might in the next ten years irrigate the greater part of his estate by wells, he should, on that account, be excepted from a present permanent settlement; and if in the case of a canal the expenditure of capital and labour were made not by Government but by a third party, the claim would be for the value of the water, at whatever rate that might be assessed, not for any share in the profits of the soil. So far, then, as Government is concerned, if the market value of water supplied from canals, or the full cost of construction, or a fair annual interest upon that cost is recovered, the fact of increased productiveness from canal irrigation seems to constitute no stronger ground of claim to participate than enhanced profits from the opening up of railways, or any other circumstance of general progress and development.

In this view the question resolves itself into the rate which should be charged for water supplied from the canals to lands which are not irrigated at the time of permanent settlement; and in this there can be no difficulty, since the exact cost of supplying water to any new customer can be readily ascertained, and the interest upon that sum at 5 per cent., plus any reasonable charge for the water itself, will be the amount of the water rent, and compensation for failure in the supply of water would, of course, be granted at similar rates.

The incidence of this rent might also, with advantage, be so regulated by progressive increase as to meet the disinclination of cultivators to take the first steps towards irrigation. If the water were given in the first instance free of charge for one or two years, it is probable that the area of irrigation would be rapidly extended, and the permission to reclaim these water rents at twenty years' purchase, less 10 per cent. for cost of collection, with condition for payment of compensation in the event of failure of supply, might be found more acceptable to the people, and would probably be more extensively resorted to than the redemption of the land tax, while it is open to none of the objections which can be brought against that measure.

To return to the question of the revisions of assessment, already completed or now in progress, it seems advisable that these should be accepted as the basis of permanent settlement; but before they are finally adopted, they should be again tested in detail by some agency specially qualified for the work, and with so much permanency of character as to render it available for transfer from district to district as the settlement progresses.

This agency ought also to be equal to the task of securing the people from exaction, and at the same time afford the Government the strongest possible assurance that the work had been done in the most efficient and satisfactory manner that could reasonably be expected from the skill and experience at its command.

This object may be attained, I believe, at a very small cost to Government. The Sudder Board of Revenue at present consists of two Members, and the most important part of its duties are those connected with settlements; when these are completed, one Member, as was recently observed by Mr. Muir, may probably suffice to carry on the work. It has occurred to me, therefore, that it would be a very beneficial arrangement, saving both time and labour, if the measures proposed for the revision of assessments and introduction of the permanent settlement were at once placed under the immediate direction of one, say the Second Member of the Board (leaving the other business to be carried on by the Senior Member and Secretary), with such additional aid as might, on further consideration, appear suitable, probably not exceeding three or four of the principal officers, European and native, already employed on settlement duty.

As regards the second point, the securing a more trustworthy valuation of estates at a smaller cost of money, and convenience both to Government and the people, I see no reason to doubt that this most desirable object also may be attained by a well-organised system of local investigation through the ordinary district officers, with no other aid than that of the putwars and zemindars, and a few rams for testing measurements, &c., under the direct

personal supervision of the Collectors; and I am confirmed in this view by Mr. Muir's opinion in regard to the Meerut district (at paragraph 49 of his Minute, dated 5th December 1861), as also by those of experienced local officers.

The saving to Government in settlement establishments, as well as the relief afforded to the people by such a system, would be very great, and a declaration that inaccurate papers or any attempt at fraud would subject the parties to re-survey of the lands according to the former system at the expense of the proprietors, and, at pleasure of the Government, to temporary instead of permanent settlement, would, I have no doubt, suffice to ensure the accuracy of the returns to a far greater extent than is now possible.

The existing settlements of the districts noted in the margin will fall in on the dates

Meerut	:	.	.	.	July 1865	specified against them; the intervening period affords time for the careful and efficient revision of assessment by the local officers, and is not more than will be required for the proper settlement in perpetuity of the districts* in which revision has been completed, or is now in progress.
Furuckabad	:	.	.	.	" 1866	
Budaon	:	.	.	.	"	
Bijnore	:	.	.	.	"	
Azingbur	:	.	.	.	" 1867	
Bareilly	:	.	.	.	"	
Shahjehanpoore	:	.	.	.	" 1868	
Allaghur	:	.	.	.	"	
* Sebarunpore.						
Goruckpore.						
Boolundshuhur.						
Moozuffernugur.						

* Sebarunpore.
Goruckpore.
Boolundshuhur.
Moozuffernugur.

There are many questions intimately connected with the general revenue administration of the country, besides those already specified, which demand early attention, and could be dealt with most satisfactorily through a Board of Settlement moving about the country, such as I have suggested. I therefore strongly recommend the immediate experimental adoption of the arrangements I have briefly sketched out to the favourable consideration of the Supreme Government, and solicit the favour of early instructions.

No. 31.] Minute, dated 5th March 1864, by Sir JOHN LAWRENCE, G.C.B., G.M.S.I., Viceroy and Governor General of India.

^{+Vide Paper}
No. 30.

1. THE papers which are now to be disposed of relate to a Minute† by the Honourable the Lieutenant-Governor of the North-Western Provinces, dated the 20th July last, on the subject of carrying out the permanent settlement in those provinces. The minute has been circulated for the opinions of the Governor-General's Council, which opinions have now been recorded.

2. The minute embraces two proposals: 1st, for the establishment of a Board of Settlement; 2nd, for the revision of the assessment of the land revenue through the agency of the ordinary district officers.

3. I concur with my honourable colleagues in considering that both these proposals require further consideration on the part of the Government of the North-Western Provinces in consultation with the Sudder Board of Revenue. It appears further that the Lieutenant-Governor is actually now revising his plans in communication with the Board. My remarks, therefore, on each point may on the present occasion be brief.

4. In regard to the proposed Board of Settlement, I am clearly of opinion that such a Board will not be necessary. The object contemplated by the Lieutenant-Governor in making this proposal is the final testing of the revised assessments in each district previously to their being declared permanent for ever. Now the importance of thus testing the assessment may be fully admitted; but for this object we have already a machinery which is the best obtainable, and is much superior to any such Board of Settlement as that proposed. There are already the Commissioners of Revenue in the several divisions of the North-Western Provinces; there is the Sudder Board of Revenue at Allahabad. It is impossible to have a better supervising and testing agency than this. These high officials are appointed for this express purpose, and I cannot doubt their proving equal to the duty; they are on the spot; they have the best local and general experience: they have ample time for the work. Indeed, I understand that, whenever, of late years, the retention or abolition of some or all of the Commissionerships, or of one out of the two Members of the Board, has been discussed on financial grounds, it has been held that the present numbers of the Commissioners and Members of the Board ought to be maintained for the particular reason that they are all needed for the work of the approaching permanent settlement. Primarily, therefore, the supervision of the revised settlements must rest with the Commissioners in their respective divisions, under the general direction of the Board. The final testing which the Lieutenant-Governor is justly anxious to secure may be very properly carried out by the Members of the Board while on the circuits which are annually undertaken.

5. I would here, however, impress on the Board and on the Commissioners the importance of their giving their whole mind to this great matter of supervision and testing the settlement. The Commissioner should not content himself with merely criticising when the work is wholly or partly done, but should watch it through every stage of its progress, and rectify every error in practice as fast as it becomes apparent; he should also keep the Board thoroughly informed of the progress of the work. The final proceeding on the Commissioner's part is the submission of the Settlement Officer's Completion Report to the Board. Before acceding their final approval to the settlement, the Board should communicate personally with the Commissioner, and ascertain from him unreservedly all the conclusions which he may have been able to form. Either the Commissioner can arrange to attend on the Board

with his Settlement Report, or else the Board can meet the Commissioners on circuit, so that all the main points in the settlement or in the report may be verbally discussed.

6. In respect to the revision of assessments through the agency of the ordinary district officers, I fully concur in thinking that this agency should be employed in preference to any other, wherever the district officers are competent for this particular work, or may be able to afford the time requisite for it. In some districts they have been, and in others they will yet be, found so competent; but I apprehend that they will probably not be so in all. It by no means follows that the Collector will always be able to undertake the regular revision of settlement in addition to the charge of his district. If he can, then so much the better; if he cannot, then a separate and duly qualified Settlement Officer must be appointed. Where a separate Settlement Officer may be appointed, he should be an officer of adequate experience; and the allowances should be specially fixed with reference to his standing in the service, so as to secure his services in the department as long as they may be required. It were better to avoid appointing junior officers to the important office of Settlement Officer. If the settlement be entrusted to the Collector, then a Settlement Officer, or an assistant for settlement, might be appointed under him. Such an officer might conduct the field measurement and such like preliminary operations; the Collector might himself do the arrangement, leaving it to the Settlement Officer or the assistant to arrange all details necessary in respect to the tenure, and to adjust the *quotas* of the new assessment to be paid by members of the village communities. As a rule, the assessment of a district can be done in a more leisurely manner if it be made by the Collector than if it be made by a separate Settlement Officer, and there are often advantages in this particular work being done gradually. If the Collector spread the work over two or more years, it is of less moment; but a Settlement Officer, being a separate and special officer, must need show considerable results in each year, and this may sometimes lead to the work being done too rapidly.

7. I may also take this occasion of stating that I fully concur with the Lieutenant-Governor that, "as regards lands which have not yet but may hereafter benefit by the extension of canal irrigation, the Government will, by a permanent settlement, forego all right to any future additional revenue."

I also agree with His Honour in considering that, "so far as Government is concerned, if the market value of water supplied from canals at the full cost of construction, or a fair annual interest on that cost, is recovered, the fact of increased productiveness from canal irrigation seems to constitute no stronger ground of claim to participation than enhanced profits from the opening up of railways, or any other circumstance of general progress and development."

8. There may be other points in the Lieutenant-Governor's minute to be noticed hereafter; but having thus disposed of the main administrative points, I desire to add some further observations regarding the mode of carrying out the permanent settlement in the North-Western Provinces.

9. While the correspondence now under consideration was pending, I had the advantage of discussing verbally with the Lieutenant-Governor the best mode of applying this important measure to the North-Western Provinces. His Honour did, afterwards, at my request, mention my views to the Sudder Board of Revenue at Allahabad, and I have received an expression of the Board's general opinion thereon. I apprehend, however, that the various points involved have not yet been fully brought out, and I will take this opportunity of placing the matter in its true light, according to my view.

10. It is not now necessary to advert to the reasons for and against a permanent settlement in India. It has been decided by Her Majesty's Government that the measure shall or may be introduced into those parts of India which fulfil certain conditions laid down as necessary for its reception. Nor is it necessary to recapitulate those conditions here, as they are fully stated in the Secretary of State's despatch of the 8th July 1862. It is generally admitted that, with one or two exceptions, such perhaps as Gorakhpore, the districts in the North-Western Provinces do, in whole or in part, fulfil those conditions, and are therefore entitled to the benefit of a permanent settlement. It is clear also that before the assessment in any district is declared permanent for ever, it ought to be finally revised; and that, as the term of the present thirty years' settlement in each district draws to a close, the opportunity should be taken of revising the assessment finally, with a view to its being declared permanent for ever.

11. But I apprehend that in parts of the North-Western Provinces there will be whole tracts of greater or less size, or sets of villages or individual villages, which are more backward than others and less cultivated than neighbouring tracts, which fail to fulfil the necessary conditions for permanent settlement, and which are, therefore, not yet entitled to that permanency of assessment which may be granted to other places.

12. Now I by no means consider that if the permanent settlement be applied to a district at all, it must therefore be applied to the *whole* district at once; or that, if the measure be allowed at all, it must be extended to at least some considerable tracts; or that it is not admissible to select some tracts, or some individual villages, as entitled to permanency of assessment, and to reject others in the same neighbourhood as being not so entitled. It by no means follows because a district *generally* is cultivated and improved up to a high standard, that every part of it or every village in it comes up to that standard. Therefore, it seems to me necessary to select those villages or estates which are fit for permanent settlement, and to postpone the measure in those which are not so fit: unless this be done, then, the result must be, either that the measure would be postponed indefinitely until every estate in the district

reached a prescribed standard (which in many cases might never be attained); or else that some superior estates would be denied the boon because some estates in their neighbourhood were inferior, or else that some estates which did not fulfil the conditions would nevertheless be permanently settled because they were situated in the midst of a district which generally did come up to the standard. Unless, therefore, the principle of selection be adopted, I apprehend that in many cases there would either be an undue sacrifice of revenue by some villages being admitted to permanent settlement without being fit for it, or else there would be a sacrifice of the rights of the people, who, though fit for the permanent settlement, would be denied the boon because some of their neighbours were not yet fit.

13. The above remarks are, doubtless, applicable to parts of the North-Western Provinces, and to some villages in many of the districts of those provinces; they are probably still more applicable to other parts of the Bengal Presidency, such as the Punjab, Oudh, and the Central Provinces.

14. But in those tracts, or in those villages which are not yet fit for permanent settlement, it is still of importance to pave the way for the introduction of that measure, and to afford to the people the advantages which arise from the prospective limitation of a demand which is never to exceed a certain specified amount. If this can be done, then the owner of an estate, which is for the present temporarily settled for a fixed period, will yet know that after the expiry of such period there is a certain limit above which the assessment will never be raised; that if he improves up to a certain standard, he will be assessed up to a certain sum and no more; and that, whatever improvement may ever thereafter be effected, there will be no further increase of demand. Such an estate, while settled temporarily for a fixed term, would thus have the benefit of a permanent settlement in prospect after the expiry of that term. If such an arrangement could be effected, it would carry with it the same advantages, and be justified by the same reasons, as the permanent settlement itself. I believe that it might be carried out in the following manner.

15. The estates or tracts not yet fit for permanent settlement will be those where (in the terms of the Secretary of State's despatch) a large proportion of the land is still uncultivated, and which do not yield to the public treasury a return commensurate with their prospective capabilities. In this respect, then, our concern will chiefly be with estates in which there is much cultivable land still uncultivated, or in which the cultivation is inferior to what it might be, or in which the general resources of the estate are not turned to the best account. Such estates are, according to the present system, assessed for a period of thirty years upon their existing assets, that is, upon their cultivated area as it now stands. In this manner the assessment is made for the whole estate, including both the cultivated lands and the lands fit for cultivation, though uncultivated. Sometimes, when the cultivable land is particularly good and likely to be soon brought under cultivation, or where it yields some valuable produce, such as superior sorts of grass, fuel, and the like, something may be added to the assessment of the whole estate; but, generally, the proportion of the assessment of an estate due to the cultivable land is not large, and, in the main, the assessment is fixed with reference to the present cultivated area. It is reasonably expected that the assessment having thus been fixed for thirty years, the landholder will have every inducement to bring the cultivable land under cultivation, or otherwise develop the resources of the estate; if he do so, then no assessment is to be demanded on such additional cultivation or development for thirty years; and any claim on the part of Government for revenue on such additional cultivation is put off till the next settlement.

16. But although little revenue in any case, and in some cases no revenue at all, can be demanded for thirty years on the cultivable land, still it may be quite practicable to now fix the maximum or full assessment demandable on such estate, supposing that its resources were fully developed. This might be done separately, and there would thus be two distinct sums assessed, *viz.*, *firstly*, the sum fixed on existing assets, and to be paid during the thirty years' settlement; and, *secondly*, the full sum ultimately assessable on the estate, supposing its resources to be fully developed, which sum would be the maximum demandable at the next settlement, provided that the landholder were willing to accept it. This latter would give the highest sum ultimately demandable from the estate according to the principles of a moderate assessment, and, when once this be accepted, then the assessment might properly be declared permanent. Thus a landholder would have his assessment fixed for thirty years certain upon his existing cultivation; he would also know the maximum assessment to which his estate would be liable if it were to become fully developed.

17. If, on the expiry of that term of settlement, he shall accept the full assessment or highest sum above described, then he may do so without any further inquiry or re-settlement, and the assessment so accepted will then be declared permanent. But it would not be obligatory on him to accept this additional assessment.

18. If he objected to do so, then the estate would be re-settled after inquiry in the usual way on the assets and the cultivation as they might be found to exist at that time. Only it would not follow that the assessment thus made on re-settlement would be declared permanent. If it were less than the maximum previously fixed, it would not be so declared.

19. To illustrate the above, let us suppose an estate assessed at Rs.1,000 on its assets as they now stand at the revised settlement; suppose also that it possessed other cultivable waste or other undeveloped resources, and that the full assessment which the estate might ultimately be capable of bearing were fixed at Rs.1,500. Thus the estate would now be assessed at the thousand rupees for the term of thirty years certain; the landholder would be told that Rs.1,500 had been calculated as the maximum demandable on the whole estate at the next

settlement, and that if at the next settlement he chose to accept, that he might do so without further re-settlement, and that the Rs.500 would thereafter be declared to be a permanent settlement; and the sum of Rs.500 would be recorded as the maximum which Government would ever demand from the estate. If after the expiry of the settlement were to be made, that is if thirty years hence he should object to pay the Rs.500, then the estate would be re-settled on the assets as they might then exist.

20. It is to be observed that there would be no difficulty in valuing the cultivable lands. At the revision of settlement now being made, we possess full particulars by survey of these lands, as of all others; and their capabilities and resources, according to the circumstances of the present time, and in comparison with the actually cultivated lands, are perfectly well known to the Settlement Officers. The revenue rates at which they would be assessable, if now cultivated, could be well fixed, and, indeed, would be analogous to the rates of the several kinds of cultivated lands. So, also, if such lands possess other valuable resources, such as grants of the superior sorts, fuel, or the like, which under certain circumstances would bring a large profit, the value of all this can be fairly estimated. Still it may be admitted that to assess now the revenue demandable thirty years hence on cultivable or other waste is an operation requiring care. Unless some guiding principles were observed there would be the chance of error; and possibly the assessment now fixed would be unduly light compared with that of cultivated estates and hereafter might appear too low. To guard against this, then, I would propose some such principle as follows.

21. Under the present system a district is divided by the Settlement Officer into so many tracts. Each tract comprises estates of a similar character; there may be variety of detail amongst the individual estates, but there will be a generic resemblance between them all in respect to those main features which determine their value, such as character of soil, kind of produce, means of irrigation, facility of transport, proximity of markets, supply of labour, breed of cattle, their fiscal history, and the like. Some estates will be better cultivated than others; in some the resources will be better developed than in others; but the inherent capabilities of the estates are much the same, and therefore they will, or at least ought to, be able to pay much the same revenue rate per acre all round. Those estates which, being imperfectly developed, cannot yet pay this general rate will in due course be able to do so when fully developed.

22. Now, inasmuch as it is laid down that the land tax in an estate ought to be paid to half the assets received by the landlord, or, in other words half the rent or other income derivable by the landlord from the land, it follows that the best possible basis for the revenue assessment is the rental. If the fair rental could be readily ascertained, it would supply perfect data for such assessment. But it is often difficult or impossible to ascertain accurately the fair and proper rent which a landlord does receive or should be receiving from an estate. The returns of rent are frequently defective or untrustworthy. Again, many items of *lendi* side income from the land are not fully exhibited in the declared rental. In some parts of the country average rent rates exist, and are well known; these furnish excellent guides for the valuation of estates. But in many portions of the country, especially where the proprietary body for the most part cultivate their own lands, rent rates are not generally known. Thus it happens that the Settlement Officer, while collecting and collating all obtainable statistics in regard to rent, must yet check or supplement the returns of rentals by assumed rates, which rates are deduced from the ascertained value and proceeds of the land. In this manner assumed rent rates and assumed revenue rates are obtained. In order, therefore, to determine details in each estate there will be various revenue rates of assessment assumed by the Settlement Officer, such as a rate for irrigated ground, another for unirrigated; a rate for land fertilized by inundation, another for dry land; a rate for black soil, another for poor soil; and so on. So also there will be one rate for cultivated land generally, and another for cultivable though uncultivated land. It is not to be expected that all the cultivable land will be cultivated, or that all the cultivable land should pay the full rate of assessment on cultivation. A fair margin of cultivable land will be allowed to the landholder, which should be assessed at some rate much lower than that of the cultivated area. The rate assessable on cultivable land must be low. If the proportion of cultivable land to the cultivated land be small, then the estate, being for the most part cultivated, will be fit for a permanent settlement. If the proportion of cultivable land be large, then the estate, being less cultivated, will not be fit for permanent settlement. It may be generally assumed that those estates in which four-fifths of the cultivable area are cultivated are fit for a permanent settlement.

23. Then, having regard to all the circumstances of the tract, to its past history, its present condition, its future prospects, to its actual or probable rental so far as that might be ascertainable, to the irrigation, the kinds of soil, the resources of the waste, and the like, allowing also for lands for pasture and other necessary objects which might be left free of land tax, the Settlement Officer would fix one general revenue rate per acre for the total cultivable area, including land actually cultivated and land yet remaining to be cultivated. There would be various rates, as already mentioned, for the determination of details in each village; but the general acreage rate, as above described, would be the main standard by which the estates would be valued either in the present or for the future. This general acreage rate would be fixed on a fair and moderate calculation, so that the average of well-cultivated and developed estates would be able to pay it.

24. Regard would also be had especially to the fiscal history of the tract, to the actual pressure of the revenue upon the estates of a fair average quality, so that the estimate of the assets of the estates may be checked by the data of positive experience. This general acreage

rate then, being the standard of valuation, the land revenue for all the estates in the tract would be fixed according thereto. The revenue (juma) would be assessed accordingly for each estate, whether it were fully or imperfectly cultivated, or whether it were partly or chiefly waste. Thus there would be obtained a fair valuation of the actual or the possible assets, and of the present or prospective capabilities of each estate. For those estates, then, in which the proprietors might accept the assessments (jnma) thus fixed, the said assessment might properly be now declared perpetual. For those estates which did not come up to this standard, and in which the proprietors could not accept the assessment thus fixed, a settlement would be made on existing assets for thirty years certain; but still the assessment (juma), according to the ultimate valuation, would be recorded, and the proprietor would be informed that, if after the expiry of the thirty years he should accept the ultimate juma as now assessed he might do so without further inquiry or resettlement, and that that assessment would be thereafter perpetual.

25. The proposed rules may be thus illustrated : let us suppose a tract containing villages of generally the same character, but in various stages of cultivation ; let a rate of Rs per acre be assumed for the best cultivated or irrigated lands, R1-8 for the second best, and 4 annas for land culturable but not yet cultivated. Let us suppose also that the Settlement Officer has decided on R1-8 per acre as the general acreage rate above described for the whole culturable area, including both land cultivated and land remaining to be brought under cultivation.

26. Then let us take Estates A, B, and C, which are well cultivated, but which have differences in detail. It will be understood that the unassessed land, such as unprofitable waste, site of village, land exempted from revenue (commonly called rent or revenue free) and the like, are in all cases excluded, so that only the malgazee or assessable lands are included.

Estate A.

Acres.		R		R
75	x	3	=	225
350	x	1-8	=	525
75	x	0-4	=	19
500				

769, assessment on present assets,
or by general acreage rate,
acres 500 x 1-8 = Rs 750.

Estate B.

Acres.		R		R
83	x	3-0	=	249
317	x	1-8	=	475
100	x	0-4	=	25
500				

749, assessment on present assets,
or by general acreage rate,
acres 500 x 1-8 = Rs 750.

Estate C.

Acres.		R		R
50	x	3-0	=	150
390	x	1-8	=	585
60	x	0-4	=	15
500				

750, assessment on present assets,
or by general acreage rate
acres 500 x 1-8 = Rs 750.

27. Now, in these estates the assessment on the present assets about equals that of the ultimate valuation, and might now be declared perpetual. On the other hand, it leaves a fair margin for improvement. The proprietors may convert, by irrigation or other means, a portion of their second class land into first class, or they may bring the culturable under cultivation, and thus much enhance the value of the estate, and still there will never be any increase of demand.

28. Next, take an estate in a slight degree inferior, as D.

Estate D.

Acres.		R		R
75	x	3-0	=	225
325	x	1-8	=	487
100	x	0-4	=	25
500				

737, assessment on present assets
or by general acreage rate
acres 500 x 1-8 = Rs 750.

In this case the estate is only just below the proper standard. The proprietor may be assessed at the Rs 737 for thirty years certain, and at the next settlement he knows that he may accept the Rs 750, which will then be declared a perpetual assessment without further inquiry ; so this estate virtually has all the advantages of a permanent settlement.

29. Next, take two estates, E and F, which are not fully developed, though possessing similar capabilities.

Estate E.

Acres.	<i>R</i>	<i>R</i>
100	× 3-0	= 300
140	× 1-8	= 252
250	× 0-4	= 62
<hr/> 600		

887, assessment on present assets,
or by general acreage rate,
acres 600 × 1-8 = R750.

Estate F.

Acres.	<i>R</i>	<i>R</i>
100	× 3-0	= 300
200	× 1-8	= 360
200	× 0-4	= 80
<hr/> 600		

650, assessment on present assets,
or by general acreage rate,
acres 600 × 1-8 = R750.

30. Now Estates E and F would be assessed at R887 and R650 respectively for thirty years certain; but the R750 would in each case be recorded as the ultimate standard of valuation, and the proprietors would know that if, after expiry of the term, they should choose to accept the R750, they might do so without further inquiry, and that this amount, viz., R750, would thereafter be declared perpetual; but they would know also that, if they should not accept the R750 on expiry of the thirty years, they might still claim a re-settlement on the assets which might at that time be existing.

31. Or, further, take an estate of similar capabilities, but less developed, as Estate G.

Estate G.

Acres.	<i>R</i>	<i>R</i>
60	× 3-0	= 180
100	× 1-8	= 160
350	× 0-4	= 87
<hr/> 600		

887, assessment by present assets
or by general acreage rate,
acres 600 × 1-8 = R750.

Now suppose that in this case the proprietor is a man of some capital and enterprise; then, while assessed at R887 for thirty years certain, he knows that, if he shall largely improve his estate, he will never have to pay more than R750, and that, after the expiry of the term, he may accept this amount without further inquiry; but that, if he should not be in a position to accept this assessment, he might still claim a re-settlement on the assets which might then be existing. The assurance of a known ultimate limitation, which might be optionally accepted, would prove a great encouragement to his industry.

32. Or, again, take an estate in which the assessment by assets brings out a larger sum than by the general acreage rate, as Estate H.

Estate H.

Acres.	<i>R</i>	<i>R</i>
200	× 3-0	= 600
250	× 1-8	= 375
60	× 0-4	= 12
<hr/> 600		

957, assessment on present assets,
or by general acreage rate,
acres 600 × 1-8 = R750.

Now here it would be for the Settlement Officer to decide whether, before declaring a permanent assessment, he would allow a reduction below the amount given by present assets; though that amount may not in this case be in one sense excessive, still the high valuation arises evidently from the expenditure of capital on the first-class land; and if it be desired that the land tax should not press hard on agricultural capital, then some assessment more nearly approaching to the R750 would be proper. Whether the assessment should be brought down quite so low as R750 would depend on special considerations, such as the amount which the estate had been previously in the habit of paying, the presence or otherwise of exceptional advantages in respect to irrigation, and the like. It is evident that, practically, there can be no need to reduce unduly the revenue in villages which have flourished under a higher assessment.

33. It appears to me that the plan, as thus illustrated, would confer many of the advantages of a permanent settlement on the holders of estates not yet fully cultivated or developed; while, on the other hand, it would save the State from any undue sacrifice of revenue. We may remember that while the advantages of a permanent settlement are manifest, yet it has two fiscal drawbacks, namely, *first*, the surrender of revenue on the increased value of crops and improved cultivation; *second*, the surrender of revenue on lands culturable, or on waste possessed of valuable resources, which may hereafter be brought under cultivation, or be otherwise turned to useful account. It is agreed that the State may surrender properly the future revenue from improvement in the crops, and in the style of cultivation, in consideration of the

advantages derived from a permanent settlement; but the surrender of future revenue from the cultivation of land now uncultivated, or from the development of resources now undeveloped, cannot be advocated; and the plan I now propose would save the State from any such sacrifice.

34. But as regards the people, the plan would have the advantage of supplying a motive and incentive to industry and enterprise, inasmuch as the laudholder, while obtaining a fixed assessment for thirty years at all events, would know the utmost limit of possible revenue which might be demanded after the expiry of that term. It is this prospective limitation, even *after* the expiry of the term of settlement, which is the particular advantage of the plan now proposed, and which is calculated to ensure many of the benefits that evidently attend any permanent limitation of demand.

35. Doubtless a settlement for any long fixed term does so far stimulate industry and improvement. A man knows that if he improves his estate he is safe from increased assessment for thirty years. But still he knows that after that term there will be enhancement of revenue on account of improvements, though how much that will be he does not know. An indefinite prospect of increase at the next settlement is present to his mind. It is certain that this apprehension does in some degree retard improvements, and is specially operative as the term of settlement draws to a close. Moreover, he knows that, though he is safe from inquiry for thirty years, yet, *after* that he will be liable to re-settlement, and his assets will be inquired into: this knowledge also in some degree does practically deter people from effecting as much improvement as they otherwise would. But with the proposed plan, the future revenue on increased cultivation or improvement at next settlement would not be indefinite, but, on the contrary, would be strictly limited, not only for the next settlement, but for all time thereafter. Nor would there be any apprehension of re-settlement and future inquiry; on the contrary, it would be known that, if the maximum assessment were accepted, there would be no re-settlement and no future inquiry. Thus a man would know that he was safe from increased demand for a fixed term, and that, after that, he would not be charged with more than a certain limited increase, however much he might improve his estate now or hereafter. There can be no doubt that such a prospect would promote exertion and enterprise, both during the thirty years and during the period after that; the advantages would be quite intelligible to the people, and would probably be appreciated by most of them; and if the maximum increase had previously been fixed at fair and moderate rates, it would probably be accepted without any further inquiry being asked for. To those who had sufficient intelligence and foresight to appreciate the advantage a powerful stimulus would be supplied; and those who did not appreciate it would in nowise be obliged to accept the terms. No increase would be demanded of them, without inquiry, at the next settlement. If they did not accept the maximum previously fixed, they might have a fresh inquiry, and a re-settlement would be made according to that.

36. In short, the question may be put thus:—

Every intelligent laudholder under a temporary settlement, who improves his estate, knows that at the next settlement there will and must be an increase of revenue.

Will a man, then, foreseeing this, prefer an indefinite prospect of unknown increase, *with* re-settlement and inquiry, which would be the case without the plan now proposed?

Or would he prefer a known fixed increase which would never under any circumstances be enhanced, and which might be accepted without re-settlement and inquiry, which would be the case with the plan now proposed?

I think that he would certainly prefer the latter, and that he would be thereby induced to improve his estate.

37. It may be objected to this plan that there will be difficulty in now assessing the revenue to be paid in future on culturable lands not yet cultivated, and that the ultimate maximum demand will be liable to error. But, practically, it is possible to assess on culturable waste the revenue which such waste would pay, if it were now cultivated, and the assessment so fixed would not be materially different from that which is fixed on lands already cultivated. The one, therefore, would be as trustworthy as the other, and both may equally be made the basis for a permanent limitation of the demand. The various kinds of soil in the culturable waste will be the same as those in the cultivated lands. The produce which the culturable land could bear, if cultivated, is well known from the analogy of the cultivated lands in the immediate neighbourhood. A decision, therefore, of what the culturable waste ought to pay, if cultivated, is nearly as valid as the decision of what the cultivated lands are now to pay. It may be that the assessment now fixed on culturable land will, some thirty or fifty years hence, appear light, when those lands shall have become cultivated, owing to the outlay of capital, the general improvement of the country, the opening out of roads and markets, and other changes. It is true that the effect of such changes cannot be fully foreseen; but that would not really be an argument against the assessment being now fixed on the data of the present day. Let such an assessment be made. If hereafter the people can so improve the land, or if the general condition of the country can be so much raised that this assessment shall prove comparatively light, then they are, upon the fundamental principle of a permanent settlement, entitled to the benefit thereof. If the assessment now fixed on culturable waste shall prove too high, the people are not bound to accept it. If they choose to accept it hereafter, they are entitled to the profit therefrom derivable, by the same reasons for which the boon of permanent settlement is conceded.

38. I have given my attention to the remarks in paragraph 12 of Mr. Muir's second Minute regarding the permanent settlement, as bearing on this subject. It is there said: "The object of native proprietors is not so much to obtain a permanent assessment as to obtain a permanently *low* assessment."

I feel the force of this remark, though I think it goes somewhat too far. I would rather say that the landholder scarcely hopes to obtain a permanently low assessment. What he looks to is to obtain a fairly moderate assessment according to the value of land at the present time, and then to get that made permanent for all future time, so that he may improve, without fear of enhancement. Now the plan proposed, while guarding the revenue against undue sacrifice, will yet fix a limit, beyond which enhancement can never go.

39. Again, in the same paragraph it is said—

"The proprietor is told that his estate is not sufficiently advanced for permanent assessment; that he is to go on improving it; and that, when the cultivation has reached certain limits, the revenue then assessed will be fixed in perpetuity. This is in effect to expect that the proprietor will strive to accomplish results the direct tendency of which will increase the demand of Government against him."

Here, also, I feel the force of the remark, but still I think that it goes too far. Every proprietor has known well that, if he improved his estate, there would surely be increased demand on his estate. Notwithstanding that, the landholders have improved, and do still continue to improve, their estates. We *might* therefore expect them to accomplish results which would increase the Government demand, inasmuch as they would themselves profit in even a greater degree. But, so far as the argument has force at all, it is met by the plan proposed, for, in the case supposed, namely, that of an estate not sufficiently advanced for permanent settlement, the proprietor knows beforehand the utmost limit of future enhancement. If that be moderate, then he knows that, on working up to that, he will get a permanent settlement, and that, however much he may work *beyond* that, the gain is all his own, as there can be no further enhancement.

40. It may be thought that the native landholders are by idiosyncrasy and character disinclined to *work up to* a certain pitch of improvement, even though there be hope of thereby obtaining a permanent settlement. It seems to me that this will entirely depend on whether the ultimate limit of demand be moderate or not. If it be *not* moderate, or if it be excessive, then of course the proprietor will not work up to it, because it would be against his interest to do so. If it be moderate or if it be light, then he may be expected to work up to it, because he knows that, having once done that, he will thereafter secure to himself the exclusive benefit of further improvement.

41. Again, it may be thought that the people would regard the known limit of increase as the consequence of improvement, and would, therefore, keep improvement just below that limit, so as to avoid the increase. But any such idea on the part of the people would be a mere misapprehension. If a proprietor did not think it worth his while to accept the maximum assessment without inquiry, and considered that he had not effected enough improvement to justify the increase, then he has only to decline it, and to claim a re-settlement on the assets of that time; but then such re-settlement would not be permanent, unless the assessment came up to the amount originally fixed; if it were less than that, it would be fixed only for a specified term.

42. If it be thought that the people are not intelligent and far-sighted enough to appreciate the prospective advantages of the plan proposed, then I have to observe that, as these advantages are cognate to those of the permanent settlement itself, the people might be expected to appreciate the one as much as the other. That the people really understand a permanent settlement, and set a higher value on land so settled, seems to be established beyond a doubt.

43. Such, in general terms, is the manner in which I should wish to see the permanent settlement carried out in those portions of the Bengal Presidency which are not yet permanently settled, such as the North-West Provinces, the Punjab, Oudh, and other places; and I believe that by these means we shall best be able to apply the principles, so justly insisted on by Her Majesty's Government, to the actual circumstances and condition of this country.

No. 32.]

NOTE, dated 23rd March 1864, by W. MUIR, Esq., Senior Member, Sudder Board of Revenue, North-Western Provinces, on the Minute of His Excellency the Right Honorable the Governor General on the Permanent Settlement of the North-Western Provinces and other Territories similarly circumstanced.

The above State* paper has been transmitted demi-officially to our Board, in order that Mr. Money and myself may "look at it carefully in all its bearings," and furnish our opinions upon the views and proposals set forth therein. Such invitation removes the restraint otherwise inevitable to our Board in discussing projects which emanate from so high a quarter. I proceed, therefore, freely and unreservedly to state my views upon this important document.

2. The object contemplated in the latter portion of His Excellency's Minute is to secure the advantages of a permanent settlement for villages which, in consequence of undeveloped resources, cannot at present bear a full assessment; and to effect this without eventual serious loss to Government.

Object of His
Excellency's
Minute.

3. I propose to treat the subject separately; *first*, in reference to districts or portions of This object considered (1) as regarded in which, from the general development of resources, agriculture is well advanced and rent at a fair level; *second*, in reference to districts or tracts where, from the backwardness of agriculture, much land is uncultivated, and the scale of rents depressed.

4. So far as the first description of districts or tracts is concerned, I welcome the principle laid down by the Viceroy; although certain important modifications in the details will, I think, be found expedient.

5. The principle is to combine a permanent settlement with a present temporary abatement in respect of estates which could not at once bear full assessment. Without resort to this expedient, the assessment must frequently be fixed at an inadequate sum, and consequent eventual loss to Government, if the benefits of a fixed demand in perpetuity are to be conferred upon all estates within districts or tracts of the character above supposed. The proposed plan will enable us to meet the claims both of the State and of the proprietors; to secure to the former an eventual fair revenue; to concede to the latter a temporary remission for a period within which they may bring their estates up to a standard equal to the full revenue; and to gain for both, and for the country at large, the general advantages of a permanent settlement.

6. But, although approving the principle thus broadly stated, I do not think that the particular mode in which it is proposed to be applied will work to the advantage either of Government, the proprietors, or the country generally.

7. It is proposed that for partially developed properties a present juma proportioned to the existing value of each be fixed for the term of the coming settlement, that is, for thirty years, and a full juma, to take effect (unless the zemindar should then object) at the close of the settlement. When that period arrives, should the zemindar object to the enhanced juma, and demand investigation, then a fresh measurement and valuation would take place, and a settlement be made on the assets of the day. The benefit looked for is that a proprietor being assured of the maximum juma beyond which Government has become bound never to enhance the demand, would set himself zealously to improve his estate, and expend capital thereon, in the confidence that, however much he might enhance its value, the whole profit beyond such maximum would surely and without risk be his own.

8. It appears to me that the scheme of leaving the settlement to be accepted at a future period, and, if refused, making it then open to revision, would involve some serious objections, and in a certain measure forfeit the important benefits of an absolutely permanent settlement. The ultimate assessment may be pitched too high, or, if not absolutely too high, the proprietors may conceive that it is so; at any rate, many of them will hope that, if they object and apply for a fresh measurement and valuation, they may obtain reduction. The bare chance even of securing such a boon would lead very generally to that result; by the terms of the Minute, the proprietors would be secure from any enhancement beyond the guaranteed maximum, while they might obtain a lower assessment, possibly lower than that which they had hitherto been paying.

9. I submit that the probability of such a contingency makes the proposed measure essentially different from a permanent settlement. The benefits of a *fixed and conclusive* demand would not be certainly obtained; the people would still be often left in expectancy. In some cases, it is true, whether the maximum might be pitched *very low* (so low, in fact, as to leave no chances of reduction under any future standard of assessment, however moderate), the measure would, I admit, be followed by benefits "eognate to those of a permanent settlement," as set forth in paragraph 42 of the Minute; but I believe that unless a standard very losing and disadvantageous to Government be adopted, such cases would be the minority. In the remainder, we should have all the evils repeated of our temporary settlements. As the thirty years drew to a close, hopes would spring up in the minds of the zemindars of obtaining better terms: not only would the application of capital and labour be checked, and the vigour and energy inherent in the desire after improvement be paralysed, but device and artifice would be resorted to for the purpose of depreciating in appearance, if not in reality, the value of estates; wells would be masked, and the richer staples foregone for the time in favour of the poorer—in fact the virtue of the permanent settlement would be lost, and the evils which it sweeps away for ever would revive in all their vigour.

10. To obviate this, I would propose, first, that the permanent settlement be concluded as such at once with the zemindars; and, second, that the highest term or maximum demand be not deferred for a period exceeding fifteen years.

11. When the new assessments are declared, the proprietor should in all cases be required definitely to enter into the prescribed engagements for the same. If the permanent (or maximum) assessment take effect at once, the proprietor will sign his "darkhurst" or engagement for it; if, on the other hand, a temporary abatement be allowed, and the maximum take effect in five, ten, or fifteen years, he would equally be called on to sign his engagement at the permanent demand with specification of the temporary reduction. Thus the settlement will be final and conclusive. When the term of the reduced demand expires, the maximum assessment will come into operation as a matter of course, leaving no possible ground of uncertainty. The evils spoken of above will be avoided, and the full benefit secured of a permanent settlement.

12. But for this purpose it is necessary that the term after which the maximum assessment will take effect be not too distant. It should not be so far off as to render the prospective enhancement a matter of personal indifference to the proprietor; in short, a mere specula-

I. Principle of
Minute suitable
for first class.

General principle
stated.

Objection against
leaving the option
to refuse standard
juma hereafter.

Zemindars will
hereafter ask for
revision in hope of
obtaining redeno-
tion.

Which will neu-
tralise benefits of
permanent settle-
ment.

Proprietors should
engage at once for
standard assess-
ment.

Which should not
be too long post-
poned

tive transaction. The period of thirty years would, I apprehend, be so. Why, thirty years is the measure of a whole generation? Proprietors having obtained favourable terms for the present, would agree to almost any arrangement so remote. It would hardly come into effect in their time, and a score of contingencies might intermediately transpire. "They would say," writes an experienced Settlement Officer, "*Dekha chahiye kiska raj jub hogā*"—Who knows what Government we shall have by that time? Even among races far higher in the scale of civilisation, it is only the thoughtful and educated who live out of the present; and from a people so wanting in energy and desire of improvement, so contented with the position they have inherited from their forefathers, as are the inhabitants of India, it is too much to expect that they would seriously consider the bearings of an arrangement to be postponed for thirty years. Enough for them that they secure the benefits of a present low assessment, and know that they, or their children after them, will have the option of declining the higher standard juma.

13. But it would not be so if the term were limited, according to circumstances, to five, But take ten, or even fifteen years. The zemindar would here feel directly and personally concerned; he within 15 would at once turn his thoughts deliberately to his fallow lands and other latent resources of his property, reckon their extent and value, estimate the labour and expenditure necessary for their development, and comparing the cost with the expected profit, determine whether the maximum assessment now demanded is moderate or excessive. If satisfied of its fairness he would accept it and enter forthwith into engagements. If dissatisfied, he would decline the engagement, and urge his objections.

14. And herein, to my apprehension, lies one great virtue of this procedure. The acceptance or refusal by the zemindar would be essential service *as a guide to the Settlement Officer*, a valuable and as a *check upon over-assessment*. Who should know the capacities of the fallow ground so well as the zeminder himself? He is familiar with every inch of his land, has watched it under all varieties of season and circumstance, and is acquainted with each attempt which in times past has been made to bring it under the plough. Who is so competent as he, or so vigilant, to limit its assessment within safe and reasonable bounds? If the maximum demand be frequently refused, it would be a fair warning to the Settlement Officer, and a valuable index to his superiors, that the standard of valuation for fallow had been pitched too high.

15. In any case of refusal,—that is, where the zemindar should accept the present abated assessment, but decline the prospective maximum,—he should be allowed to hold on for the continued preliminary term. At its close he might again be allowed the option of engaging at the permanent demand; and if he still refused, the estate might be farmed in the ordinary manner, as for recusance. In short, there would be no opening for revision. The assessment once fixed would be final.

16. It has been suggested by an intelligent Settlement Officer that a proportion should be fixed of fallow land, say 40 or 50 per cent. of the cultivated area, as the condition of a graduated assessment. But I should not think it expedient to fix any mechanical rule of this nature. As I have before written, "Fallow land is of every variety, good, bad, and indifferent: from that class which is barely culturable, and which is not brought under cultivation till rent has reached its utmost limit, to the best descriptions which are left out of cultivation purely from indifference, indolence, or want of labour and capital. . . . A similar remark obviously occurs in reference to that class of lands which bear cultivation only for a certain number of years, and are then abandoned, to be taken up again at some future period."* Where the waste is rich and promising, with facilities for irrigating, draining, manuring, etc., a far smaller proportion of land would render the proprietor liable to prospective increase of assessment, than where the soil is poor, or subject to lie fallow in rotation. In case of reasonable doubt as to certain tracts of waste land being too barren ever to admit of remunerative tillage, the benefit of the doubt should invariably be given in favour of the proprietor, and the land altogether omitted from calculation of prospective assessment, excepting of course the value of its spontaneous produce.

So also as to the *rate* of assessment; there may be instances where the fallow soil is so rich and the advantages of situation so great as to justify assumption of a rent rate for eventual assessment equal even to that of the lands now under cultivation. Generally, however, a much lower rate would be necessary, chiefly because it is natural to conclude that the best land is always first brought under the plough, and that what remains, being less fruitful, will require a greater expenditure of capital in proportion to its returns. On the other hand, it is found that when waste lands have been reclaimed, and there is no farther capacity of extending cultivation, the scale of rent tends, from competition, upwards.

Too much stress must not be laid on average revenue rates. These, while essential as a standard of comparison, are misleading and dangerous if applied without careful advergence to individual features. In extensive tracts or clusters of estates, it is seldom indeed that the soil is so exactly uniform as to warrant the application of an average rate for the assessment of each; by no amount of classification (and minute classification is inconvenient and objectionable) could a Settlement Officer so group villages as practically to avoid associating in the same grade lands greatly varying in natural capacity. Wherefore, to justify any assessment at the average rate, the Settlement Officer must satisfy himself that in point of fact the particular land is not materially below the average, nor materially above the average. A settlement formed by the procrustean application of an acreage rate would be equitable and fair neither in respect of Government or the people. The process of assessment is one of discretion;

* Note on Sir Charles Trevelyan's Financial Statement, paragraph 5.

and it is just here that the Settlement Officer's ability and judgment are put to the severest test.*

The margin likewise to be left for grazing and other village purposes must equally depend on circumstances. In some districts and localities, as in the poorer tracts of Bundelkund, no doubt more is required than where, the soil being rich, straw and stubble are produced plentifully with the grain crops.

In all these respects we could lay down no positive rule with advantage; we must trust to the discretion of the Settlement Officer, who will give his reasons fully in the English statement explained in village statements for each village.

17. Observations of a similar tenor apply to the length of the preliminary period of temporary abatement, and to the number of terms (if any) of graduated assessment. It might be well laid down that the full permanent juma should in any case be fixed at not later than fifteen years from the date of settlement; but it might have effect according to circumstances and earlier prospect of the waste being reclaimed at a shorter date: the terms of five and ten years might be adopted for that purpose. It might also be in the discretion of the Settlement Officer to fix an assessment rising, by one, two, or three terms, to the highest or maximum demand.

18. I have no doubt but that fifteen years is a quite sufficiently long period to admit the development of backward estates in those parts of the country to which the present remarks refer. Any expected improvement stretching beyond that period must belong to the region of distant speculation, and in the practical work of assessment will be far more safely left altogether out of account. With the grand inducements offered by a final and conclusive settlement of the revenue in perpetuity, sufficient stimulns will be given to achieve all those improvements which can justly and reasonably be admitted into calculation as the basis of eventual assessment.

19. Indeed the system thus understood is not an untried one. It was well known under the former settlements as that of a "russuddee," or graduated assessment. And it succeeded well wherever the final term or "kamil juma" was kept sufficiently low. Many of my own settlements of the deteriorated and broken-down estates in the Calpee and Jelalpore Pergunnahs were made thus; in some instances the full assessment was postponed so long as sixteen years. I lately passed through that part of the country, and (the full demand having been now for some time attained) found that these villages had recovered under this system, and were prospering.

20. But it is essential to success that the latter term should be moderate. And as it was found, in practice, that in fixing such rising jumas the tendency in the Settlement Officer's rating the waste mind was to expect too much, and consequently, to pitch his ultimate demand too high, the system of "russuddee," or graduated assessments, fell into disrepute. The prospect of a heavy demand and rising demand in the future casts even by anticipation a shadow of gloom and hopelessness over an estate; as the higher terms are reached, the proprietors become involved and break down under over-assessment; and hence the expedient often resulted in failure and damage. I have, therefore, acquiesced hitherto in the line of instructions which our Board have now for many years issued in discouragement of "russuddee" settlements. But, as above explained,

* For the reasons here given, I am opposed to the use of "acreage rates" in the manner illustrated in paragraph 25, *et seq.*, of the Viceroy's Minute, since they would tend to produce serious inequality. Take, e.g., the following examples of an estate with area and rates as there assumed—

		R	a.	p.	R	a.	p.
Acrea cultivated; first class,	200	at	3	0	600	0	0
" second "	50	"	1	8	0	75	0
" culturable waste	250	"	0	4	0	62	8
Total by revenue rates					737	8	0
Or by the acreage rate					750	0	0

Here, as proposed in paragraph 28 of the Minute, the settlement for thirty years would stand at R737 with a maximum assessment after thirty years of R750.

But it is quite possible to suppose this to be a village in which the cultivated lands are under acreage, and instead of being valued at R675, might be rateable at only R500; and further, that the waste is hardly worth the labour of breaking up. Even the present assessment of R737 would for such an estate be excessive.

On the other hand, it is equally possible for the same figures to represent a village in which the cultivated lands are above average, and the culturable waste perhaps fully equal to it in natural capacity. Consequently at the end of thirty years the rental might possibly be estimated thus:—

Acres cultivated; first class	:	:	:	:	:	450	at	3	0	1,350
" second "	:	:	:	:	:	50	"	1	8	75
TOTAL										1,425

So that this village might be even lightly assessed at R1,400, or nearly double the assessment assumed at acreage rates, while the former village would at the same rates be greatly over-assessed.

These are of course extreme and unlikely cases: but there may occur every shade of variation between them. And as is held in paragraph 33 of the Minute, that the State is not justified in relinquishing its future revenue from the reclamation of land now fallow (meaning naturally thereby a full revenue at fairly adequate rates, and not a mere nominal acreage), it appears to me that the insufficient assessments of which the second example may be viewed as a type would be inconsistent with the principle declared in that paragraph, while those of the first type would bear hardly on the people.

the system, judiciously and cautiously used, is capable of being applied with certain success. From the past, indeed, we have gained the experience that it is liable to abuse. In applying the same system to the permanent settlement, it will be necessary not only to caution our officers against the risk of estimating future improvement too highly, but for the supervising authorities themselves to see that this tendency is nowhere yielded to.

21. In order to secure these objects, a carefully prepared set of instructions will be Instructions proposed for Settlement Officers. These would embrace the following leading points :—

1st.—Settlements would ordinarily be concluded at once at the standard juma.

2nd.—Where a village is so backward that it could not at present bear a fair assessment the standard juma may be postponed for a term of five, ten, or fifteen years, according to the extent, of unreclaimed land and prospect of improvement, and a lower assessment may be fixed for the present. If there is a likelihood of the improvement being rapidly progressive, the Settlement Officer may, in his discretion, make the juma rise at any one, or at each, of the terms specified.

3rd.—The Settlement Officer should fix for each pargunnah, or tract, or class of villages a certain percentage of fallow land, which may fairly be allowed to pass unquestioned; the grounds on which the percentage is fixed will be explained in the Settlement Report. Wherever this proportion is exceeded, he will make it a point to consider whether the character of the waste land affords fair expectation that it will be reclaimed. If there be reasonable ground of doubt, he will decide against assessing it, except for its spontaneous products. If otherwise, he will assess upon it a sum, cautiously calculated, with due allowance to the actual capacity of the land, and the labour and capital required to bring it under tillage. Great circumspection will be needed in not rating fallow land too high. In case of doubt, the Settlement Officer must incline to the lower estimate. The "malgozaree" rate of the pargunnah, tract, or class, will afford a useful standard; but even that will often be excessive, seeing that the least profitable lands are generally the last to come under the plough. The Settlement Officer will invariably inspect the fallow land with his own eyes and take all means in his power by local inquiry to test their value.

4th.—In all cases where the proportion of waste exceeds the percentage before noticed, the Settlement Officer will explain at length in the remarks of Statements II and III, the grounds on which he has either allowed it to pass unassessed, or on which he has fixed the demand above or below the average rates, and the reasons which have led to the adoption of a shorter or longer term after which it is to come into effect, or of a graduated assessment, or otherwise.

5th.—The number of cases, if any, in which the zemindars have declined the standard juma, will be stated with due explanation.

22. In regard to the districts of which the settlement has already been revised,* it will be necessary that the whole of the work be gone over again by competent officers, such as I believe are either on the spot, or easily available; and in every case in which the proposed assessment may be found to fall materially short of a fair standard juma, the arrangement must be revised, and the settlement concluded on the principles above laid down. This will involve delay, and some expense; but both will be well rewarded. Indeed, under the principles expounded in His Excellency's Minute, the settlement of these districts could not otherwise, with consistency, be declared perpetual. None of the new settlements have yet been sanctioned and approved by any authority superior to the Collector; they have all been concluded subject to the sanction and approval of the higher powers; so that they are open to any modification that may be deemed expedient and proper. The same opportunity can be taken to revise the arrangements regarding cesses and chowkeedaree tax, the late orders regarding which will involve extensive changes of record and account.

23. I do not think that any serious or insurmountable difficulties will be met with in applying the above principles to the settlement of any portion of the North-Western Provinces, with exception to certain tracts which will be noticed below. Nice questions may undoubtedly occur, on which there will be variety of opinion. These will be decided as they arise; but there is one class of cases possessing, perhaps, sufficiently general features to justify further mention here. Villages farmed by Jats and Koormies afford far higher profits than those cultivated by Goojurs, Syuds, and Rajpoots; and consequently they can bear, and ordinarily do bear, a higher assessment. How far, in the computation of a standard juma, are the rates prevalent in villages cultivated by the industrious classes to be applied to those occupied by the idle and negligent? The subject is adverted to in the Board's Settlement Circular Order No. 1, paragraphs 93 to 97. Of the latter class it is said: "The Board desire to see them so fairly and moderately taxed as may oblige them to adopt habits of industry and management, or to transfer their lands to those who will make that use and improvement of them which is the right and duty of all good Governments to enforce." At the same time the Board limit the application of this principle by the terms "as far as practicable;" adding, "They have no intention to force conclusions, or aim at an impossible equality." The Commissioner of Meerut is an advocate for a more stringent course. He would not only aim at equality of assessment on general grounds, but he regards it as an object desirable in itself that these classes should be fully assessed in order that they may be sold out for balances; and that reduced to the posi-

Districts already
assessed how to be
treated.

Case of Goojur and
other negligent
proprietary castes
considered.

Some are disposed
to assess these at
full rates.

tion of cultivators, they may make way for landholders of more enterprise and greater capital.* I cannot concur in such a view. In special cases, indeed, this course may be unavoidable; and it may be (and I believe has repeatedly been) followed with salutary effects. But to adopt any measure the result of which shall be the general and wholesale eviction of an extensive body of proprietors, cannot, I should think, be approved by any clement and enlightened Government. A measure so violent and sweeping, producing so sudden and extensive an unsettlement of existing rights, could not be justified either on political or economical grounds. I assume, therefore, that any such extreme view would not be sustained. It would be, in the words of the Board, "to aim at an impossible equality," or, if possible, to aim at it by violent and inexpedient means.

24. But we may err on the other extreme. There are, for example, two Goojur per- Others to afford
gunnahs adjoining each other, Gungoh in Seharunpore, and Bedowlee in Mozuffernuggur. them a perpetual
In the former an endeavour has been made to assess as much as possible at the average settlement at in-
standard of the district, and many complaints have reached the Board in consequence. In adequate rates.
Bedowlee, on the other hand, considerably lighter rates have been adopted, and the assessment is believed to be lower than what might be yielded if even the present proprietors paid proper attention to their farms. Both the Viceroy and the Lieutenant-Governor have seen an able paper by the settlement officer of the tract in question, advocating that its revenue as now assessed should be made permanent. To impose a full standard jums, either now or in prospect, would involve the proprietors in depression and ruin, and would drive them to robbery and violence, habits to which by descent and inclination they are already too well inclined. The motives of a permanent settlement may be hoped to have some influence even upon these classes. The Goojur inhabitants of a tract similarly circumstanced have been reclaimed from thievish and lawless habits to order and industry, by virtue of the profits and prosperity attendant on canal irrigation. It is the duty of Government to aim at similar results in Bedowlee, not only for the benefit of the people themselves, but in the interest of the country at large, which now suffers from their evil habits. Hence it has been advocated that the assessment should be made perpetual.

25. I believe that a middle course between these views will be found practicable and The proposed sys-
expedient. Without aiming at "an impossible equality," the assessment of Bedowlee may tem will admit of
still be raised somewhat nearer to the general standard of the district, and the enhanced assess- a middle course.
ment may be appointed to take effect hereafter under the rules above proposed.

26. I now proceed to consider the backward tracts and districts, to which I would not II. Backward dis-
advise that the above system should, for the present, be applied.

districts and tracts.
Principle of Minute
not suitable for
such.

27. In my note upon Sir Charles Trevallyan's Financial Statement of 1863, it was not To fix now a pros-
much my object to urge that estates generally situated in districts or tracts ripe for a perma- pective permanent
nent settlement should be admitted to its benefits, although I believe this to be highly ex- demand would be
pedient, and rejoice in the prospect of its accomplishment held out by the Governor General's hazard. Minute. It was rather my object to urge that the simple test of proportion of area under cultivation in each individual estate should not be held the criterion of ripeness for the permanent settlement without advertence to the general forwardness of the district or tract in which it is situated. It appears to me self-evident that, in districts or tracts like the Terai and Lullupore, where agriculture is in the most rudimentary stage, where valuable staples are rarely grown, where the chief object of cultivation is domestic support by the cheap and commoner crops, where the means of communication with the outer world are difficult, or where the climate is inhospitable; where, in fine, everything combines to keep down rent at the lowest scale, it is quite impossible to anticipate the future or to predict to what degree rent will rise and find its level within the next 10 or 15 years. To attempt a permanent settlement under these circumstances, by fixing an ultimate demand to take effect after a certain term of years, would, in my apprehension, be to assess at hap-hazard. Even the area under cultivation, and its present assets, can afford but a poor idea of what the eventual rental and value of the same land will be. As an experienced and practical officer writes:—"In those districts no approximate calculation of the value of land now cultivated can be made, by which I mean not the value of the present yield or the rent roll, but of the real value of the land when the commerce of the country shall have been opened up, and the proprietors become somewhat better than mere squatters. I would certainly say that such parts of the country are far better off with long lease settlements; for as yet the value of landed property is not known there to the people themselves, and it is impossible to predict at all accurately what the effect of the great advancement, now being made in opening up the country, will have in those regions."

* The following extract from the Commissioner's last Annual Report will illustrate his sentiments:-

"In estates belonging to Goojurs, and such bad subjects and bad cultivators, whose lands are not half brought under the plough, the demand of half of the eventual capabilities of the estates could not possibly be enforced, even if the present owners were got rid of by sale, and industrious and energetic proprietors took their places, unless the new proprietors were men of capital, who could afford to pay the excessive revenue. The assessment, therefore, on tracts so inhabited has been necessarily much too low."

"Necessarily; for though capitalists would come forward, indeed, I believe European capitalists might be found who would soon transform these lazy thieves into orderly, industrious cultivators, the propriety of ejecting wholesale those who will not develop the capabilities of the soil, who keep land waste which might be made to contribute food and wealth to the general stock, but who prefer to agriculture their present lawless habits, cattle-stealing, and thievery, has not been recognised."

28. It is held, indeed, in paragraph 33 of the Minute, that while the State cannot prudently relinquish the future revenue arising from the tillage of lands now uncultivated, it "may surrender properly the future revenue from improvement in the crops and in the style of cultivation, in consideration of the advantages derived from a permanent settlement." I can understand and appreciate the distinction if confined to the class of advanced districts treated of in the first part of this note; because it supposes that the improvement is traceable to increased labour and capital applied under the motives and guarantee of the permanent settlement. But I cannot perceive that the distinction has any force whatever in the class of backward districts now under consideration. There the anticipated improvement and rise in rent will be brought about by the opening up of the country, by roads, railways, canals, etc.; by causes in short, altogether unconnected with the skill, labour, and capital of the owners of the soil. The landholders will be carried forward, whether they will it or not, with the tide of improvement, and so their properties will acquire a vastly enhanced value from causes quite independent of their exertions. Lands now of little more use than barely to support the agricultural and local population, and which yield a mere minimum of rent, will thus acquire, in the development of the country, a value which, compared with their former value, will be quite as great a gain as the bringing of fallow lands under the plough. This augmentation of assets, and creation of a new value, is surely as much to be considered in the one case as in the other. In the language of the Secretary of State, the lands in question, though certainly under some sort of cultivation, and bearing a certain rent, "do not yield to the public treasury a return commensurate with their prospective capabilities." And I cannot understand on what principle Government is held bound not to relinquish the prospective gain in one case, and yet bound to relinquish it in the other.

29. I sincerely trust that a permanent settlement, either present or prospective, will not, Alternative danger for the present, be introduced in these backward regions. If an attempt be made, on the one ^{in so doing.} hand, to estimate the future advance of prosperity and rise of rent, I fear that the prospective demand so fixed would not only be extremely uncertain and unequal, but would in any case at present appear to the proprietors so heavy as to produce discouragement and dejection; while, on the other hand, if the existing scale of rent and assets be adopted, a serious loss will be sustained by Government and by the rest of the empire which has to make it good—a loss which, so far as I can see, is not counterbalanced by any adequate advantage.

30. The alternative is a temporary settlement. But if this is fixed for 20 or 30 years, Better to confine the prospect of a permanent settlement will be postponed for that long period. I could wish settlement to 15 or that the settlements under such circumstances were limited, say, to 15 years, at any rate to 20.* This would permit of the question being considered at the close of that period, whether the district were prepared for a permanent settlement or not. If not so prepared, the evils of a revision might be avoided by declaring, *three or four years before the conclusion of the settlement*, that it would be prolonged for another period of 10 or 15 years. The bad effects recurring at the close of a temporary settlement would thus be avoided, and the question of permanency still not postponed for a whole generation.

31. Some special rules will also be required for lands liable to change from fluvial nation. River lands. But this is a matter of detail.

32. I do not think that my opinion is required on any other parts of His Excellency's Water rates on canal Minute. The conclusion in paragraph 7, that the Government by a permanent settlement irrigation intro-foregoes all claim to the increase of revenue arising from canal irrigation, is the same as ^{duced after settle-} that which I advocated in a former Minute.† But it appears to me that the statement on ^{ment may be higher} this subject is imperfect without its being placed on record (as I attempted to do in paragraphs from canals intro-73—75 of that paper) for the consideration of the Irrigation Department, that a higher water ^{duced before settle-} rate may fairly be demanded in tracts to which canals *have extended after settlement*, than in ^{ment.} tracts which were under canal irrigation at the time of settlement. In these latter the increased assets from canal irrigation have been taken into account in making the assessment; and in so far the water has already yielded a tax merged in the revenue over and above the "water rate." This can never happen where canal irrigation *follows after the settlement*; and here, consequently, the water rate may equitably be higher. I believe this to be the true reason why the water rates on the East Jumaa Canal, where the increased assets have been repeatedly taken into account in fixing the land revenue, are so much lower than on the Ganges Canal. It is quite just and proper that it should be so. And it seems to me of importance that the principle on which the difference is founded, and by which it is justified, should be acknowledged by the Revenue Department, when, by the introduction of a permanent settlement, it is about to relinquish henceforth all claim to share in the enhanced assets arising out of canal irrigation.

33. I may further be permitted to express my gratification at the first six paragraphs of His Excellency's Minute, regarding the machinery proper for the conduct of the settlement, and the recognition of the importance of the department, in the admission that where the Collector of a district is unable to take charge of the work, it should be conducted by a Settlement Officer *above the rank of a junior officer*. It is not improbable that in the progress of the settlement such a contingency may occur; and I trust that the able assistants now engaged on settlements may be enabled to remain in the department by the creation of a higher grade suitable in emolument to their standing, when they may have emerged from the rank of juniors.

* The term for which engagements have been taken in the settlements now in progress in Jhansi and Lulliupore is 20 years, which may be allowed to stand.

† Dated 6th December 1861.

Importance of du-
ties of Settlement
Officer.

POSTSCRIPT, dated 31st March 1864—After the above was in type I have had the pleasure to peruse my colleague's admirable Minute on the same subject. Mr. Money and I purposely committed our views to paper quite independently of each other, and with hardly any previous interchange of sentiments. Whatever value, therefore, may attach to the conclusions in which we coincide is naturally increased by the fact of their having been reached by independent courses of reasoning.

My colleague's Minute suggests a few additional remarks:

First, as to the districts or tracts proper to be considered in the second class, as excluded for the present from permanent settlement. I alluded to this subject in paragraphs 52 to 58 of my Minute, dated 5th December 1861. Lullutpore (there called Chundeyree), Jhansi, and the Terai District should certainly, to my apprehension, be excluded. But I would extend the measure to Jaloun, as being in pretty much the same category as Humeerpore and Banda, which I recommended (paragraphs 52 to 56) to be permanently settled. I had hoped that the greater part of Goruckpore might also have been regarded as prepared for the measure, but I speak with reserve on this point, as Mr. Money, in whose circle it lies, and who is therefore more intimately acquainted with its resources and prospects, has given a contrary opinion. If the general principle to be followed be now laid down by the Viceroy, its application to this and other exceptional cases may be considered, on the merits of each, when the settlements come up for confirmation. It will be one of the most responsible duties of the Settlement Officer to bring under consideration, in his final report, any tracts the assessment of which he would propose to leave on a temporary footing. There will be such tracts in all the Sub-Himalayan Districts; in Seharunpore towards the Sewalicks; probably also in Jaloun and the other Trans-Jumna districts; and perhaps exceptional villages and tracts in most districts; for example, estates suffering from canal drainage, or other causes, in consequence of which the soil, even if cultivated, yields a poor return. I do not see why estates in the hill districts, where, say, 80 per cent, or other fair proportion of the culturable lands are cultivated should not also be admitted to the permanent settlement.

I concur with Mr. Money in thinking that, ordinarily, 20 per cent. of the malgozree area would be a very proper maximum of waste beyond which Russellce assessments should be encouraged. But for the reasons given above, in paragraph 16, I would not insist on this as an invariable standard, but would leave the percentage to be determined, as there proposed, by the Settlement Officer, according to the circumstances of each district, pargannah, or group of estates. I think that many of the reasons so forcibly put by my colleague against formulas of assessment being rigidly enjoined by authority tell strongly in favour of this view.

No. 33.]

Minute by the Honourable Mr. E. D'ASURAY, Lieutenant-Governor of the North-Western Provinces.

* Vide Paper
No. 31.

This important Minute* by the Viceroy and Governor General, on the subject of a permanent settlement, has been demi-officially communicated to the Members of the Snider Board of Revenue, and has been so ably and exhaustively treated in the admirable notes which they have recorded, and which reached me on the 5th and 6th instant, that little remains to be added beyond the expression of my own opinion, and this, to avoid delay, will necessarily be brief.

2. The occasion of this interesting exposition of His Excellency's views was a Minute recorded by me in July last, in which I advocated, in a general and imperfect form, a more personal and direct supervision of settlement establishments, and a more generous treatment of the landholders in regard to the mode of valuation of their estates, than it appeared to me had hitherto prevailed.

3. As observed, however, in the letter transmitting the Board's communication of the 24th October last, which has been purposely delayed to afford full time for inquiry, the representations of the Board, and more extended opportunities of information, have considerably modified my views on both these points, and, without re-opening the subject here, it will be sufficient to observe that, though I cannot altogether retract my opinion in respect of the existing system of supervising and testing agency, I am very willing to admit that, if the duty is fulfilled in spirit of paragraphs 4 and 5 of His Excellency's Minute, there is no sufficient cause for change; but I may add that the question, to my mind, was not of the qualifications of the officer concerned, but of the experience of utilising the experience of one or other of the Members of the Board, specially in the work of settlements, instead of leaving it hampered and over-ridden by routine duties.

4. The chief topics for discussion raised by the present Minute are—first, the principle of selection of estates to be admitted to permanent settlement, according to individual rather than general development; and, secondly, the immediate assessment, both of the present and of the ultimate value of the assets of estates not fully developed; the existing assets being taken as the basis of a thirty years' settlement; the full sum, assessed as the ultimate prospective value, being the maximum demandable at the next settlement, provided the landowner were willing to accept it.

5. My first impression of His Excellency's intention was, that the option given to the landowner of converting the temporary into a permanent settlement would be confined to the currency of the temporary settlement; so that, if he failed to avail himself of the boon, he entailed upon himself the inconvenience and cost of a re-assessment on the expiry of

the temporary settlement, and the almost certainty of an enhancement of revenue demand; and in this view I entirely concurred in the proposed measure, believing that the advantages to be gained on the one hand, and the inconvenience to be avoided on the other, were sufficiently obvious to ensure the acceptance of the permanent assessment—immediately, whenever the demand did not exceed 60 or 65 per cent. of the gross assets, and prospectively, so soon as the development of the resources of the property would warrant the step.

6. The proposal, however, in His Excellency's Minute so far differs, that the pressure, upon which I had relied, is entirely removed, and the landowner would enjoy the benefits of a light assessment for 30 years, with the assurance that under no circumstances would the ultimate demand exceed the sum now fixed as the permanent assessment.

7. In this view it seems to me that the proposed measure is open to the objections stated by Messrs. Muir and Money, and, as a rule, I conceive it probable that no one would convert his temporary settlement into a permanent one during the currency of the former unless he did so to enhance the market value of his property preparatory to sale.

8. In the form in which I first apprehended it, the measure still recommends itself to my judgment; but I am of opinion that it may be very greatly improved in accordance with the experienced suggestions of Messrs. Muir and Money, which I will now proceed to consider.

9. The principal modification recommended by Mr. Muir is that a standard assessment of maximum demand having been declared, the landowners should be required to engage for its payment, either immediately or, in cases of temporary abatement, prospectively, within certain moderate periods.

10. Mr. Money has shown very clearly in his excellent paper how such a rule would probably work, and that there is really no hardship in making settlements in perpetuity, at not more than 60 per cent. of the estimated assets, where the means are readily available for reducing the rate to 50 per cent.

11. As regards undeveloped estates, not yet in a condition to pay the fair maximum demand, I think a graduated assessment, upon the principles recommended by Mr. Money, would be found to work well. No doubt such assessments are open to the objections noticed by Mr. Muir; but when carefully applied, and not pressed too far, my own experience is altogether in favour of them, as providing exactly that moderate pressure which is needful to incite exertion.

12. I would, however, carefully attend to the principle of selection, and admit no estate, wherever situated, to permanent settlement, unless its present revenue, at 60 per cent. of the assets, equals four-fifths of the ultimate prospective demand (as explained at page 10 of Mr. Money's note). I do not participate in the objections, sometimes raised, to having temporarily-settled villages interspersed with permanently-settled ones, on the score of inconvenience and additional cost in the management. No such effects were experienced in the Behar districts, in which I have served, where at one time such intermixture was very extensive.

13. Besides the general rule to the above effect, I would specially except, for the present, the districts of Gorakhpore, Jhansi, Lallnepore, and Terni from the operation of the permanent settlement. In these the procedure might, with advantage, follow the course suggested by Mr. Muir in his 30th paragraph. I do not think that the permanent settlement should at present be extended to the hill districts.

14. As regards matters of detail, these may be worked out by the Board of Revenue in communication with the Government, and a carefully prepared set of instructions issued for the guidance of Settlement Officers, as proposed by Mr. Muir; too much stress cannot be laid upon the dangers of over-assessment of unclaimed land, and the importance of distinguishing between good land, which has remained uncultivated for want of labour or capital, and land of which the yield is below the average of remunerative crops.

15. Districts of which the settlement has already been revised will necessarily be treated as proposed in Mr. Muir's 22nd paragraph.

16. It was at one time my intention to suggest the propriety of fixing the assessment for the permanent settlement in grain instead of coin; that is, that the average rate of produce per acre of the principal descriptions of crop should constitute the standard of valuation, the cash equivalent for which should be regulated by the market value of the produce, liable to re-determination, say every 20 years. Such a provision would meet all objections founded upon variations in the value of the precious metals and of prices; but, upon full consideration, I apprehend that it might lead to doubts as to the *bona fide* permanence of the assessment; it is, I think, an open question whether some such provision should not be admitted into the engagements of the ryots with their landlords.

17. As regards recusant proprietors, I concur in the opinion expressed in the 15th paragraph of Mr. Muir's note.

18. I have omitted to notice the question raised by Mr. Muir in paragraphs 23 to 25, in connection with the Goojur estate of Bedowleo, in Mozaffarnugger. I agree generally with Mr. Muir that it is the duty of Government to treat cases of this description with all possible forbearance; but I cannot advocate any action which could be construed into a reward for misconduct. Such cases ought, it appears to me, to be treated altogether exceptionally, assessed for the present at very moderate rates, tacitly leaving a considerable margin of profit, and subjected hereafter to the same procedure as recommended in paragraph 30 by Mr. Muir, for other backward tracts.

No. 34.]

No. 544, dated Simla, the 8th June 1864.

From—E. C. BAYLEY, Esq., Secretary to the Government of India,

To—The Secretary to the Government of the North-Western Provinces.

* *Vide Papers Nos. 32 and 33.* HIS Excellency the Governor General in Council, having maturely considered the written* opinions of the Honourable the Lieutenant-Governor and of the members of the Board of Revenue, concerning the conditions and limitations under which the permanent settlement of the land revenue may be most advantageously introduced into the North-Western Provinces, and having conferred personally on the subject with His Honour and the Board, directs me to communicate, for the information and guidance of the Local Government the following observations and instructions:—

2. It must be premised that it is not now necessary to advert to the reasons for and against a permanent settlement in India. It has been decided by Her Majesty's Government that the measure shall or may be introduced into those parts of India which fulfil certain conditions laid down as necessary for its reception. Nor is it necessary to recapitulate those conditions here, as they are fully stated in the Secretary of State's despatch of the 9th July 1862. The present object of the Government is to confer upon the landholders of India the great advantages of a permanent settlement without undue sacrifice of revenue, and without the creation of future serious inequalities of taxation.

3. It is generally admitted that, with some exceptions, the districts in the North-Western Provinces do, in whole or in part, fulfil those conditions, and are therefore entitled to the benefits of a permanent settlement. It is clear also that, before the assessment in any district is declared permanent for ever, it ought to be finally revised; and that as the term of the present 30 years' settlement in each district draws to a close, the opportunity should be taken of revising the assessment finally, with a view to its being declared permanent for ever.

4. But there will doubtless be whole tracts of greater or less size, such as apparently are the Terai and Lullutpore, in which, as compared with the country generally, agriculture is backward, and rent not fully developed, but which may be expected to improve in time as population and wealth advance. In tracts also where cultivation is not below the average standard, there will still be found both estates which, from particular circumstances, have deteriorated from their normal condition, and estates as yet imperfectly tilled, embracing a large extent of waste land not cultivated within the memory of man. Such tracts and estates must be considered as exceptional, as not fulfilling the conditions for permanent settlement, and therefore not yet entitled to its benefits.

5. But His Excellency in Council does not consider their occurrence as any impediment to the general introduction of the measure. The experience of the Lieutenant-Governor in Behar that terminable assessments may co-exist with permanent assessments, without causing inconvenience, supports this opinion. All that is necessary is to select for permanent settlement such tracts and estates as are fit for it, and to postpone it in the case of those which are not. Unless this be done, then, the result must be either that the measure will be postponed indefinitely until every estate in the district reaches a prescribed standard (which in many cases may never be attained); or else that superior estates will be denied the boon, because some estates in their neighbourhood are inferior; or else that some estates, which do not fulfil the conditions, will nevertheless be permanently settled, because they are situated in the midst of a district which generally comes up to the standard. Unless, therefore, the principle of selection be adopted, it is to be apprehended that, in many cases, there will be an undue sacrifice of revenue by some villages being admitted to permanent settlement without being fit for it; or else there will be a sacrifice of the rights of the people, who, though fit for the permanent settlement, will be denied the boon, because some of their neighbours are not yet fit.

6. The above remarks are doubtless applicable to some parts of the North-Western Provinces, and to some villages in many districts of those provinces; they are probably still more applicable to other parts of the Bengal Presidency, such as the Punjab, Oudh, and the Central Provinces.

7. I am now briefly to indicate, in general terms, the manner in which His Excellency in Council conceives that the varying circumstances of tracts and estates of all kinds may be practically dealt with.

8. As regards undeveloped and backward tracts of country, which shall be determined by the Lieutenant-Governor, in consultation with the Sudder Board, to be unfit for permanent settlement, His Excellency in Council will not object to their assessment on the basis of their existing assets for a term of 30 years. Time will thus be afforded for their full agricultural improvement, and, at the same time, the final limitation of the revenue demand will not be deferred for too protracted a period. But in special cases it may still be advisable, even in such tracts, to grant a permanent settlement. For instance, in the Dehra Doon, where there is a demand for land by capitalists, His Excellency in Council is of opinion that it will be good policy to relinquish all future increase of revenue under equitable conditions. Thus, if the existing average rate of assessment on land fit for tea or other cultivation be one rupee per acre, during the term of 20 or 30 years' settlement, and for the sake of obtaining a final assessment, the proprietor shall agree to pay Rs2 per acre for ever, the compromise should be sanctioned; for, whilst the proprietor is thus secured from all future enhancement of revenue, the Government is compensated by an immediate or early moderate increase.

9. Excluding these exceptional tracts, it is very desirable that the landholders in all others should be apprised of their ultimate liability to the imposition of land revenue. Even in the case of deteriorated or half-cultivated estates, it is important to pave the way for the introduction of the permanent settlement. For, if the revenue demand be limited prospectively, then the owner of an estate, which is temporarily settled for a fixed period, will yet know that, after the expiry of that period, there is a certain point above which the assessment will never be raised; that if he improves up to a certain standard, he will be assessed up to a certain sum and no more; and that whatever improvement may ever thereafter be effected, there will be no further increase of demand. Such estates, while settled temporarily for a fixed term, will thus have the benefit of a permanent settlement in prospect, after the expiry of that term. If such an arrangement can be effected, it will carry with it the same advantages, and be justified by the same reasons, as the permanent settlement itself.

10. The tracts or estates not yet fit for permanent settlement will be those where (in the terms of the Secretary of State's despatch) a large proportion of the land is still uncultivated, and which do not yield to the public treasury a return commensurate with their prospective capabilities. In this respect, then, our concern will chiefly be with estates in which there is much culturable land still uncultivated, or in which the cultivation is inferior to what it might be, or in which the general resources of the estate are not turned to the best account. Such estates are, according to the present system, usually assessed for a period of 30 years upon their existing assets, that is, upon their cultivated area as it now stands. In this way the assessment is made for the whole estate, including both the cultivated lands and the lands fit for cultivation, though uncultivated sometimes; when the culturable land is particularly good, and likely to be soon brought under cultivation, or, where it yields some valuable produce, such as superior sorts of grass, fuel, and the like, something may be added to the assessment of the whole estate. But, generally, the proportion of the assessment of an estate due to the culturable land is not large; and, in the main, the assessment is fixed with reference to the present cultivated area. It is reasonably expected that the assessment being thus fixed for 30 years, the landholder will have every inducement to bring the culturable land under cultivation, or otherwise develop the resources of the estate. If he do so, then no assessment is demanded on such additional cultivation or development for 30 years; and any claim on the part of Government for revenue, on such additional cultivation, is put off till next settlement.

11. In several of the districts of the North-Western Provinces, settlements have recently been concluded; but as they have not yet been sanctioned by the Local Government, the arrangements can be revised under the present orders without any infringement of the terms; and as other settlements expire, they may be renewed on the principles now laid down.

12. Under the usual plan pursued by Settlement Officers, a district is divided into so many tracts. Each tract comprises estates of a similar character; there may be a variety of detail amongst the individual estates, but there will be a generic resemblance between them all in respect to those main features which determine their value, such as character of soil, kind of produce, means of irrigation, facility of transport, proximity of markets, supply of labour, breed of cattle, their fiscal history, and the like: some estates will be better cultivated than others; in some the resources will be better developed than in others; but the inherent capabilities of the estates are much the same, and therefore they will, or at least ought to, be able to pay much the same revenue rate per acre all round. Those estates which being imperfectly developed cannot yet pay this general rate, will, in due course, be able to do so when fully developed.

13. Now, inasmuch as it is laid down that the land tax in estates ought to be equal to half the assets received by the proprietors, or, in other words, half the rent or other income derivable by the proprietors from the land, it follows that the best possible basis for the revenue assessment is the rental. If the fair rental could be readily ascertained, it would supply perfect data for such assessment. But it is often difficult or impossible to ascertain accurately the fair and proper rent which a landlord does receive, or should be receiving, from an estate. The returns of rent are frequently defective or untrustworthy. Again, many items of *bonâ fide* income from the land are not fully exhibited in the declared rental. In some parts of the country average rent rates exist, and are well known; these furnish excellent guides for the valuation of estates. But in many portions of the country, especially where the proprietary body, for the most part, cultivate their own lands, rent rates are not generally known. Thus it happens that the Settlement Officer, while collecting and collating all obtainable statistics in regard to rent, must yet check or supplement the returns of rentals by assumed rates, which rates are deduced from the ascertained value and proceeds of the land. In this manner assumed rent rates and assumed revenue rates are obtained. In order, therefore, to determine details in each estate, there will be various revenue rates of assessment assumed by the Settlement Officer, such as a rate for irrigated ground, another for unirrigated; a rate for land fertilised by inundation, another for dry land; a rate for black soil, another for poor soil; and so on. So also there will be one rate for cultivated land generally, and another for culturable though uncultivated land. It is not to be expected that all the culturable land will be soon cultivated, or that it should at once pay the full rate of assessment on cultivation. A fair margin of culturable land will be allowed to the landholder, which should be assessed at some rate much lower than that of the cultivated area. The rate assessable on culturable land must be low. If the proportion of culturable land to the cultivated land be small, then

the estate being for the most part cultivated, will be fit for a permanent settlement. If the proportion of culturable land be large, then the estate, being less cultivated, will not be fit for permanent settlement. It may, His Excellency in Council considers, be generally assumed that those estates in which four-fifths of the culturable area are fairly cultivated are fit for a permanent settlement.

14. Then, having regard to all the circumstances of a tract, to its past history, its present condition, its future prospects; to its actual or probable rental, so far as that might be ascertainable; to the irrigation, the kinds of soil, the resources of the waste, and the like; allowing also for lands for pasturage, and other necessary objects, which might be left free of land tax, the Settlement Officer may fix one general rate per acre for the total culturable area, including land actually cultivated and land yet remaining to be cultivated. There may be various rates, as already mentioned, for the determination of details in each village, but the general acreage rate, as above described, may be employed as a standard by which estates may be valued either in the present or for the future. This general acreage rate should be fixed on a fair and moderate calculation, so that the average of well cultivated and developed estates may be able to pay it.

15. Regard should also be had to the fiscal history of the tract, to the actual pressure of the revenue on the estates of a fair average quality, so that the estimates of the assets of the estates may be checked by the data of positive experience. This general acreage rate, then, being the standard of valuation, the land revenue for all the estates in the tract might be fixed according thereto. The revenue (*juma*) might be assessed accordingly for each estate, whether it were partly or chiefly waste. Thus, there would be obtained a fair valuation of the actual or the possible assets, and of the present or prospective capabilities of each estate.

16. In the foregoing remarks it is the intention of His Excellency in Council to exemplify one efficient method of fairly estimating the comparative capabilities of similar estates. But the experience of the revenue officers of the North-Western Provinces will supply analogous processes for effecting the same end, and these may safely be applied under the superintendence of the Commissioners and the Sudder Board. His Excellency in Council would further urge the expediency of resisting the revenue demand on the land to a fair and moderate sum. This is a cardinal point which should be rigidly insisted upon. It is needless to enter upon details, but the cases of estates thoroughly irrigated from wells worked at great expense, of those so completely cultivated as to leave but a narrow margin of fallow land, and of those framed by the industrious tribes. All present features which have frequently given rise to over-assessment and consequent depression of enterprise and exertion, which greater consideration of the circumstances might have avoided.

17. Having determined the assessment of all villages qualified for permanent settlement, the Settlement Officer will take from the proprietors the usual engagement, and, when confirmed by competent authority, such settlements will be in perpetuity and unalterable.

18. As regards villages not so qualified, the Governor General in Council desires that the following procedure may be observed:—

19. Where the proportion of good culturable waste exceeds, say, 20 or 25 per cent. of the area under cultivation, a *juma*, calculated according to the existing assets, and, in addition, a maximum *juma*, deduced from an estimate of the full future assets of the estate, shall be fixed. The maximum *juma* should not exceed the initial *juma* by more than from 25 to 50 per cent. The proprietors may engage for the maximum *juma* or not, as they think proper. If they do engage for it, they must do so in perpetuity. The *juma* will not be subject to revision, and the maximum will be leviable after 15 years. But it will rest with the Settlement Officer to decide by what steps, and at what intervals, the maximum shall be progressively demanded, whether in 5, 10, or 15 years, or otherwise. If the proprietors decline to engage for the maximum in perpetuity, then a settlement, terminable in 30 years, shall be made with them at the initial *juma*.

20. It has been argued that if the proprietors be allowed the option of declining the assessment progressively rising to a maximum in 15 years, they will be tempted to refrain from the labour and care necessary to the fair cultivation of their lands. But I am to state that His Excellency in Council is of opinion that such a result need not be apprehended. Even, hitherto, every proprietor has known well that if he improved his estate, there would surely be increased demand on it. Notwithstanding this the landholders have improved, and do still continue to improve, their estates. A proprietor may not be willing to bind himself to improve his land within 15 years to the degree entitling him to a permanent assessment, yet it does not follow that he will neglect its cultivation. In point of fact, there has been great agricultural improvement under the 30 years' settlements, and there is no reason to expect there will be less because the proprietors, not truly realising the advantages of a permanent settlement, or fearing the risks involved in the progressively advancing assessments, elect, as heretofore, for a 30 years' lease. Still much will depend on the real moderation of the permanent demand. Wherever this is certain, there will be a strong incentive to the proprietor to engage in perpetuity. On the other hand, to compel the proprietors to engage for a maximum *juma* within so short a term as 15 years, under penalty of alienation from the management of their estates, might, His Excellency in Council anticipates, in some cases, give rise to hardship. Moreover, although the proprietors have no legal title to demand a 30 years' settlement, yet the course of our administration has led the people to expect it; and if they decline the proffered settlement in perpetuity, and prefer one on the ordinary

principles for 30 years, His Excellency in Council would not place them in what they might consider a disadvantageous position by making the permanent settlement obligatory on them.

21. Two cases have now been supposed in which the settlement may be temporary and terminable in 20 or 30 years. First, in tracts the agricultural resources of which are imperfectly developed; secondly, in scattered estates imperfectly cultivated, the proprietors of which decline to engage for an assessment in perpetuity. In both these cases His Excellency in Council is of opinion that the Settlement Officer should be required to record an estimate of the assessment which he considers should be levied finally and in perpetuity, wherever he may find that he has reasonable grounds for coming to a conclusion on the subject. This estimate, His Excellency in Council observes, would at any rate be of assistance in future assessments, and might be possibly of sufficient accuracy to be hereafter adopted without further measurements or inquiries as the basis of a permanent settlement.

22. It has been said that, as a general rule, villages in which the fallow land exceeds 20 or 25 per cent. cannot be considered fit for permanent settlement. As suggested by the senior member of the Sudder Board, any portion below that ratio may fairly be allowed to pass unquestioned; the grounds on which the percentage is fixed being recorded. Wherever this proportion is exceeded, the quality of the fallow land must be considered, as on this depends the facilities for reclaiming it. If there be reasonable doubt concerning its capabilities of cultivation, it should not be assessed, except for its spontaneous products. Otherwise, the assessment should be carefully proportioned to the quality of the land and to the labour and expense of reclaiming it. Great circumspection will be needed in not rating fallow land too high. In case of doubt, the Settlement Officer must incline to the lower estimate. The rates on assessable land in tracts and perganas adjacent will afford a useful standard, but even that is liable to be excessive, seeing that the least profitable lands are generally the last to come under the plough.

23. In some parts of the country it may happen that tracts possessing facilities for the construction of wells are owned and cultivated by a poor or sparse population, and that these facilities have not been availed of. If the proprietors were admitted to a permanent settlement, and subsequently multiplied or became better off, it is probable that in no long time wells would be numerous, and irrigation extensive. In such a case, there would result an inequality of assessment as compared with other tracts irrigated from wells made prior to the permanent settlement. It does not seem possible to avoid such inequalities altogether compatibly with the speedy and general limitation of the revenue demand in perpetuity. The best remedy, in the opinion of the Governor General in Council, is not to place any check on the investment of capital in wells by taxing them specially when made, nor, on the other hand, to sacrifice revenue unnecessarily by doing away altogether with the high rates which have been paid on well irrigated land from time immemorial; but rather by carefully assessing and possessing facilities for irrigation with some advertence to this advantage, and by guarding against the incidence of excessive taxation on wells already at work.

24. Inequality of assessment is also liable to be produced hereafter in other parts by the extension of irrigation from canals. It is seldom that the water tax taken by the Canal Department equals the full increase of revenue resulting from the irrigation. Generally, land so irrigated is rated by the Settlement Officer in a higher ratio than unirrigated land of the same quality. His Excellency in Council is of opinion that when such irrigation is already enjoyed, to change the practice of assessment might cause a needless loss of revenue, and would involve much trouble. Therefore, the case of estates receiving irrigation from canals, subsequent to permanent settlement, need alone be considered, and for this it is prescribed by the Governor General in Council that revised canal rates shall be imposed by the Canal Department, such as will not be unequal to the total demand on lands similarly irrigated prior to permanent settlement. In this manner future inequality of assessment will be prevented, and the fair market value be obtained from water supplied from the canals.

25. An ancient cause of unequal assessments is known to exist in the character and qualifications of the various tribes holding estates. Practically it has been found impossible to tax land held by Goojars, Syuds, and Rajpoots at the same rates as may easily be levied from Jats and Koormees. His Excellency in Council believes it will be impossible to ignore the distinctions of race which render one tribe so inferior as farmers to another, and he concurs in the opinion expressed by the senior member of the Sudder Board on this subject, that, whilst it may be impracticable to admit the bad cultivators to a permanent settlement on account of the backward state of their lands, yet their assessment may, in some instances, be brought nearer to the general standard by giving them the option of a settlement in perpetuity, provided they agree to pay such progressive increase of juma as may be demanded.

26. The main points which demand attention in introducing a permanent assessment have now, it is believed, been touched upon. It appears to His Excellency in Council that, in the manner indicated above, many of the advantages of a permanent settlement may be conferred on the holders of estates not yet fully cultivated or developed; while no undue sacrifice of revenue will be entailed on the State. It is to be remembered that while the advantages of a permanent settlement are manifest, yet it has two drawbacks, namely, *first*, the surrender of revenue on the increased value of crops and improved cultivation; *second*, the surrender of revenue on lands culturable, or on waste possessed of valuable resources, which may hereafter be brought under cultivation, or be otherwise turned to useful account. It is agreed that the State may surrender properly the future revenue from improvement in the crops and in the style of cultivation, in consideration of the advantages derived from a

permanent settlement; but the surrender of future revenue from the cultivation of land now uncultivated, or from the development of resources now undeveloped, cannot be advocated. The plan now proposed by His Excellency in Council will, it is hoped, save the State from any such sacrifice.

27. As regards the fixation of a maximum assessment available at pleasure to the proprietor of an estate temporarily settled, His Excellency believes that it possesses the advantage of supplying a motive and incentive to industry and enterprise, inasmuch as the laudholder, while obtaining a fixed assessment for 30 years at all events, will know the utmost limit of possible revenue which can be demanded after the expiry of that term. It is, in the judgment of His Excellency in Council, this prospective limitation, even after the expiry of the term of settlement, which is the particular advantage of the plan now proposed, and which is calculated to insure many of the benefits that evidently attend any permanent limitation of the demand.

28. Doubtless, a settlement for any long fixed term does so far stimulate industry and improvement. A man knows that if he improves his estate, he is safe from increased assessment for 30 years. But still he knows that after that term there will be enhancement of revenue on account of improvements, though how much that will be he does not know. An indefinite prospect of increase at the next settlement is present to his mind. It is certain that this apprehension does, in some degree, retard improvements, and is especially operative as the term of settlement draws to a close. Moreover, he knows that though he is safe from inquiry for 30 years, yet after that he will be liable to re-settlement, and his assets will be inquired into; this knowledge also does, in some degree, practically deter people from effecting as much improvement as they otherwise would. But with the proposed plan, the future revenue on increased cultivation or improvement at next settlement will not be indefinite, but on the contrary will be strictly limited, not only for the next settlement, but for all time hereafter. Nor will there be any apprehension of re-settlement and future inquiry; on the contrary, it will be known that if the maximum assessment be accepted, there will be no re-settlement and no future inquiry. Thus a man will know that he is safe from increased demand for a fixed term, and that after that he will not be charged with more than a certain limited increase, however much he may improve his estate now or hereafter. There can be no doubt that such a prospect will promote exertion and enterprise, both during the 30 years and during the period after that; the advantages will be quite intelligible to the people, and will be probably appreciated by most of them; and if the maximum increase be previously fixed at fair and moderate rates, it will probably be accepted without any further inquiry being asked for. To those who have sufficient intelligence and foresight to appreciate the advantage a powerful stimulus will be supplied, and those who do not appreciate it will in nowise be obliged to accept the terms. No increase will be demanded of them without inquiry at the next settlement. If they do not accept the maximum previously fixed, they may have a fresh inquiry, and a re-settlement will be made according to that.

29. In short the question may be put thus—

Every intelligent landholder, under a temporary settlement, who improves his estates, knows that at the next settlement there will and must be an increase of revenue.

Will a man, then, foreseeing this, prefer an indefinite prospect of unknown increase with re-settlement and inquiry, which will be the case without the plan now prescribed?

Will he prefer a known fixed increase which will never under any circumstances be enhanced, and which may be accepted without re-settlement and inquiry, which will be the case with the plan now prescribed?

His Excellency in Council thinks that he will certainly prefer the latter, and that he will be thereby induced to improve his estate.

30. It may be thought that the native landholders are, by idiosyncrasy and character disinclined to work up to a certain pitch of improvement, even though thereto he thereby a hope of obtaining a permanent settlement. It seems to the Governor General in Council that this will entirely depend on whether the ultimate limit of demand be moderate or not. If it be not moderate, or it be excessive, then of course the proprietor will not work up to it, because it will be against his interest to do so. If it be moderate, or if it be light, then he may be expected to work up to it, because he knows that, having once done that, he will hereafter secure to himself the exclusive benefit of further improvement.

31. Again, it may be thought that the people will regard the known limit of increase as the consequence of improvement, and will, therefore, keep improvement just below that limit so as to avoid the increase. But any such idea on the part of the people would be a mere misapprehension. If a proprietor does not think it worth his while to accept the maximum assessment without inquiry, and considers that he has not effected enough improvement to justify the increase, then he has only to decline it, and to reclaim an assessment on the assets of that time; but then such re-settlement will not be permanent, unless the assessment come up to the amount originally fixed: if it be less than that, it will be fixed only for a specified term.

32. His Excellency in Council has thought it proper to give thus, at length, the reasons for permitting the fixation of the permanent demand on estates, whether the proprietors agree to engage for it or not, as he considers that by this arrangement many of the advantages of the permanent settlement are held out to the landholders. And the Governor General in Council believes that, in the manner which has now been described in general terms, the permanent settlement may be carried out to a great extent without long postponement; and

he principles so justly insisted on by Her Majesty's Government most beneficially applied to the actual circumstances and condition of the country.

No. 35.]

No. 12, dated Simla, the 8th June 1864.

From—The Government of India,

To—The Right Hon'ble Sir CHARLES WOOD, BART., Her Majesty's Secretary of State for India.

^{*}Vide Paper

No. 21.

[†]Vide Paper

No. 30.

[‡]Vide Paper

No. 29.

WITH reference to your Despatch No. 14,* dated the 9th July 1862, we have the honour to transmit, for your information, a copy of the papers noted on the margin, on the subject of the proposed permanent settlement of the Land Revenue in the North-Western Provinces.

Minute by the Lieutenant-Governor, North-Western Provinces;

dated 20th July 1863, with a note[‡] by Mr. Muir, Senior Member of

the Sudder Board of Revenue.

Minute by Sir Charles Trevelyan, dated 18th August 1863.

Minute by Mr. Grey, dated 14th October 1863.

Minute by Mr. Harington, dated 30th October 1863.

Minute by Sir Charles Trevelyan, dated 21st January 1864.

Minute by Sir Robert Napier, dated 31st January 1864.

Minute by Mr. Maine, dated 4th February 1864.

Minute by the Governor General, dated 5th March 1864 §

Minute by Mr. Harington, no date.

Remarks by Mr. Mnir, dated 23rd and 31st March 1864.||

Note by Mr. Money, dated 30th March 1861.

Minute by the Lieutenant-Governor, North-Western Provinces,

no date.¶

Letter to Government, North-Western Provinces, No. 543, dated

8th June 1864.

Letter to Government, North-Western Provinces, No. 544, dated

8th June 1864.**

[¶]Vide Paper

made to the Government of the North-Western Provinces.

2. For our views on this important subject, and for the steps which we have taken in connection with it, we beg to refer to the two communications this day

We have, etc.,

JOHN LAWRENCE.

H. ROSE.

R. NAPIER.

H. S. MAINE.

O. E. TREVELYAN.

W. GREY.

G. N. TAYLOR.

No. 36.] Circular Order No. 18, dated Allahabad, 1st August 1864, of the Sudder Board of Revenue, North-Western Provinces.

THE Sudder Board of Revenue, North-Western Provinces, under instructions from Government, are pleased to publish, for the information of all officers employed in the Settlement Department, the accompanying Despatches directing the formation of a permanent settlement of the land revenue in these provinces, and embodying the views of His Excellency the Viceroy and Governor General, as to the principles under which it is to be carried into effect.

2. At the same time the Board, in pursuance of the wishes of Government, issue the following subsidiary instructions:—

3. Districts or tracts of country may be divided broadly into two classes:—

First, backward in agriculture, with low rates of rent.

Second, those which are more or less advanced in both respects.

4. To the first or backward class the permanent settlement will not, for the present, be extended. The existing rules and procedure for their settlement are not therefore affected excepted from period by these orders, excepting in one respect which is noted below, paragraph 17. The Local Government will determine as they come under re-settlement what districts or tracts belong to this class, of which the settlements will continue to be made for a term of 20 or 30 years as the case may be.

5. Districts or tracts of country, belonging to the second class will be admitted to the privilege of a permanent settlement under the following conditions:—

6. Estates in these districts belong to one of two kinds: (1) those which are fully or fairly cultivated; (2) those which have never been fully cultivated, or having been so, have two classes from any cause become deteriorated.

7. As a general standard, from a fifth to a sixth of the total cultivated and culturable area may be allowed as a margin for fallow land; where this is not exceeded an estate will fall into the first class. If, on the contrary, the culturable but uncultivated

Present:

W. Muir, Esq., S

ior Member.

R. Money, Esq., J

unior Member.

land exceed 20 to 25 per cent. of the cultivated area, the estate will fall into the second class. These proportions are not laid down absolutely, but as an approximate standard. Where land is good and water available, the margin for waste may be equitably fixed at even a smaller proportion; where the soil is poor and dry, and especially where it must be left fallow in rotation, the proportion may, if necessary, be extended. Wherever the Settlement Officer may see occasion to fix the margin for a district, or part of a district materially above or below the percentage indicated, he will state his reasons for so doing in his general report: and similarly wherever he treats an estate having more than the prescribed proportion of waste as of the first class, or vice versa, he will detail his reasons at length in the "miscellaneous remarks" in the village Statements II and III.

8. Of the first class, that is of villages having a sufficient portion of their area cultivated, First class, or the assessment will be formed under the standing instructions, precisely as if the settled estates sufficiently cultivated had been one for 30 years. The procedure detailed by His Excellency as illustrative of the manner in which an effective standard of comparative values may be secured*, will be perused with interest by Settlement Officers, who will recognise therein a process with the use of which they are familiar. The earnest instructions† as to the necessity for keeping the assessment moderate, will not be lost upon Settlement Officers; and this consideration is the more urgent where from high farming an estate has reached, or nearly reached, the culminating point of production; for in the chances of the future, any material change in its fortunes must be on this side of deterioration, and for such contingencies in the formation of an assessment which is to last for time, some allowance must be now made. The converse case of villages cultivated in an imperfect manner by idle castes will be noticed below (paragraph 18).

9. The only material difference, then, in respect of the new procedure for the class of estates under notice is that the engagement (*durkhast*) will be taken in perpetuity. A specimen form will be circulated hereafter.

10. For the second class of villages, that is, where the proportion of culturable but uncultivated land exceeds the proportion above contemplated, the assessment will be fixed perfectly cultivated also under the existing rules, with this exception, that a special advertisement must be had to the culturable waste land, and a suitable addition made to the juma in reference thereto. In conceding the benefits of a permanent assessment, His Excellency has laid down that "the surrender of future revenue from cultivation of land now uncultivated, or from the development of resources now undeveloped, cannot be underrated." Waste culturable land, when it exceeds the prescribed proportions, must therefore bear a certain amount of assessment, to come into operation within any period not exceeding 15 years.

11. The cautions enforced by the Governor General against overrating the waste,† must be carefully observed in order to guard the Settlement Officer against the danger of pitching the prospective assessment too high. "The quality of the fallow land must be considered, as on this depends the facilities for reclaiming it. If there should be reasonable doubt concerning its capabilities of cultivation, it should not be assessed except for its spontaneous products. Otherwise, the assessment should be carefully proportioned to the quality of the land, and to the labour and expense of reclaiming it. Great circumspection will be needed in not rating fallow land too high. In case of doubt the Settlement Officer must incline to the lower estimate. The rates on assessable land (*malgoocaree* rate) in tracts and pargunnahs adjacent will afford a useful standard; but even that is liable to be excessive, seeing that the least profitable lands are generally the last to come under the plough."

12. In pursuance of the intimation contained in the last sentence, the assessment for each estate, calculated at the *malgoocaree* rate of the now juma of the pargannah or class, will always be entered in the "miscellaneous remarks" in the village Statements II and III, and in case of any material departure from the same, it should be explained.

13. The sum to be thus assessed prospectively should not, under ordinary circumstances, exceed from 25 to 50 per cent. of the initial Juma. Where, for any special reasons, the Settlement Officer may recommend a higher sum than this, the reasons for so doing will be fully detailed in the Settlement Report.

14. Whenever the immediate assessment of a sum not exceeding 60 per cent. of the estimated average assets, would secure a juma fairly adequate to the value of the estate, including the waste land, it will be better to assess such sum at once, rather than resort to a rising assessment. In this case, the settlement will be concluded as directed for villages of the first class. Otherwise, the increase may be appointed to take effect in one or more terms; but so as that the whole shall in any case come into effect at latest within 15 years.

15. Where the juma is thus graduated, the proprietors may engage for it or not as they think fit. If they do engage, it will be, as in the first class, in perpetuity. If they decline, "then a settlement, terminable in 30 years, shall be made with them at the initial juma." Such initial jumah will, in this event, be nothing more or less than the assessment which, under existing rules, would have been made had no permanent settlement been proposed. It will be at the half asset standard, but will of course, as heretofore, have due reference to the waste lands, where there is a prospect of early reclamation and to the capacities of the estates generally.

16. Where the amount of fallow land is so great that an adequate assessment could not be framed under the above rules, such estates will be altogether excluded from their operation, and a settlement made under existing rules for 20 or 30 years, as may be directed.

* Paragraph 13—
Paragraph 15 of the Government of India letter No. 544.
† Paragraph 16.

Paragraph 22.
Cautions to be observed in the prospective assessment of the waste.

Paragraph 19.
Limits of the prospective increase.

17. But in all cases, whether of backward tracts or backward villages, or of estates the Paragraph 21.
 proprietors of which decline the rising assessment, the Governor General is desirous that Where the settle-
 ment is temporary, the Settlement Officer, if possible, to
 the benefits of a prospective limitation in perpetuity of the Government demand may, in
 so far as practicable, be secured: and this is contemplated by requiring the Settlement Offi-
 cier, wherever he is in possession of data sufficient for the purpose, and feels that he can declare what a suit-
 safely hazard an opinion, to declare at what limit the permanent assessment should even-
 tually be fixed. This, though not in any measure authoritative, will remain on record, juma would be.
 As such estimates will "at any rate be of assistance in future assessments, and may possibly
 be of sufficient accuracy to be hereafter adopted without further measurement or inquiries
 as the basis of a permanent settlement," all officers in the department will perceive how
 responsible and difficult a duty is here imposed upon them. Wherever grounds exist, they
 will not shrink from recording their opinion of what appears to them a suitable ultimate
 assessment; at the same time they will not venture upon any mere conjectural process, and
 endanger the interests of the Exchequer on the one hand, or of the people on the other,
 by crude or random attempts, or even by careful and laborious calculations where the
 materials for a prospective judgment may be absolutely wanting.

18. The above instructions contain the general principles to be observed in the appli- Assessment of vil-
 cation of this great measure to the land revenue settlement of these provinces. Without lages badly culti-
 attempting a theoretical and absolute equality of incidence, the object is to secure as great vated by idle classes.
 an uniformity as can practically be attained. There will still remain villages in which the To Paragraph 25.
 uniformity will be only approximate. One of these is alluded to in paragraph 25 of the Governor General's despatch, *viz.*, estates cultivated by improvident and idle classes. To assess these at the same acreage rate as that of similar villages cultivated by the industrious and skilful castes, however equitable in theory, would be tantamount to the wholesale eviction of the proprietors. Yet by careful consideration it may not be found impossible to bring the procedure now introduced to bear even upon such estates. Without insisting on an impossible equality on the one hand, or consenting to an unjustifiable relaxation of the Government demand on the other, the general standard of the pergannah or class may be so nearly approached as to warrant the offer of the terms in perpetuity.

19. The instructions as to the assessment of lands available for canal irrigation, support Paragraph 24.
 the principles already laid down by the Board,* *viz.*, that the revenue is to be assessed, as * See C. O. No. T.,
 elsewhere, on the estimated average rental. The provision for securing higher water rates ou dated 17th August
 tracts brought subsequently to settlement under the influence of canals will be the care of 1861.
 the Irrigation Department.

20. The case of districts the assessment of which has been already completed, in whole Paragraph 11.
 or in part, has been anticipated in paragraph 11 of the Governor General's orders. It will be necessary for the Collector or other officer charged with the conduct of the settle-
 ment to review the whole of the assessments in the light of the present orders. He will first settle for the district, or for each pergannah, the exact percentage of waste which may suitably be allowed as a margin, and he will make a list of the estates in which this percentage is exceeded. He will then, with reference to the actual character of the waste, determine whether any and what prospective addition is to be made for it, and in what term or terms it should take effect. If the proprietors agree to the terms, engagements will be taken from them in perpetuity, otherwise the engagement will be held to be temporary for the original term. But his review will not be confined to these estates. In every case he will, upon a consideration of the grounds of assessment and capacities of the estate, as shown in the settlement records, or otherwise ascertained, determine whether the assessment is fit to be recommended for confirmation in perpetuity or not, and he will note the same in the remarks to Statements II and III. This is evidently necessary, as there are many estates in which, for reasons other than the extent of waste, the Settlement Officer has allowed the assessment to stand below the general average.

21. For carrying out these enquiries, if any special establishment is found necessary, the Collector will report what is required.

22. In all cases of reporting settlements, the amount of the assessment engaged for in perpetuity will be shown separately from that temporarily settled; and in the general Statement No. IV the two classes of villages will be distinguished by the letters P and T entered after the serial numbers.

23. Special rules will hereafter be issued in respect of the terms on which lands subject Alluvial lands.
 to fluvial action are to be settled.

24. The instructions now communicated will, the Board trust, be found amply sufficient for the guidance of all officers in the department. Wherever any doubt or uncertainty may be felt, Commissioners and Settlement Officers will freely communicate with the Board. The Commissioners will observe the prominent position assigned to them in the first Despatch of the Supreme Government, No. 543. The effective check and supervision there required does not indeed differ from what under the standing rules has always been expected from them; but enforced as it now has been by the high authority of the Viceroy, the Board look to Commissioners redoubling their efforts, so that the great measure now resolved upon shall be carried out by every grade in the department with the care and intelligence, the industry, devotion and energy, which it so emphatically demands.

I am, etc.,
 W. C. PLOWDEN,
 Officiating Secretary.

ABSTRACT OF ABOVE CIRCULAR ORDER.

Board, under instructions from Government, publish, for the information of all officers employed in the Settlement Department, the despatches directing the formation of a permanent settlement of the land revenue in the North-Western Provinces, and embodying the views of His Excellency the Viceroy and Governor General as to the principles under which it is to be carried into effect; and issue subsidiary instructions in pursuance of the wishes of Government.

No. 37.] No. 11, dated India Office, London, the 24th March 1865.

From—The Right Hon'ble Sir CHARLES WOOD, BART., Her Majesty's Secretary of State for India,
To—The Government of India.

I HAVE had under my consideration in Council the Despatch from your Excellency in Council, dated the 8th June last* (No. 12), relative to the proposed permanent settlement of the land revenue in the North-Western Provinces of the Bengal Presidency, and I now proceed to communicate to you the conclusions at which Her Majesty's Government have arrived on this important subject.

<sup>* Vide Paper
No. 35.</sup> 2. It is unnecessary to renew the discussion as to "the reasons for and against a permanent settlement for India," which formed the subject of my Despatch of the 9th July† (No. 14), 1862. The question now before me resolves itself into these two points; first, what parts of India, or, rather, of the North-West Provinces, fulfil the conditions required in that Despatch as indispensable preliminaries to the introduction of a permanent settlement; and secondly, what is the proper mode of introducing it into those districts which are either wholly or partially prepared for it.

3. Now, in regard to the first question, it will be found that all districts will fall under one of the three following divisions, *viz.* :—

First, districts in which agriculture is backward, population scanty, and rent not fully developed;

Secondly, districts in which the estates are so fairly cultivated, and their resources so fully developed, as to warrant the immediate introduction of a permanent settlement; and

Thirdly, districts which comprise a large number of estates sufficiently cultivated to justify the introduction of a permanent settlement, while, at the same time, they contain also a considerable proportion of estates with resources imperfectly developed, which, consequently, could not be permanently settled on their present assets without entailing a prospective loss to the State.

4. With regard to the first two classes of districts, no difficulty exists. Permanency of settlement will be refused to the first, and granted to the second, if there should be any such. It is as regards the third class in which estates fitted for immediate permanent settlement are intermingled with others which are still in an imperfectly developed condition, that the real embarrassment is found. In regard to these, your Excellency observes: (a) "It seems to me necessary to select those villages or estates which are fit for permanent settlement, and to postpone the measure in those which are not so fit. Unless this be done, then the result must be either that the measure would be postponed indefinitely, until every estate in the district reached a prescribed standard (which in many cases might never be attained), or else that some superior estates would be denied the boon because some estates in their neighbourhood were inferior; or else, that some estates which did not fulfil the conditions would nevertheless be permanently settled because they were situated in the midst of a district which generally did come up to the standard."

5. The problem to be solved is, therefore, how to give to estates, situated in a district generally ripe for a permanent settlement, but which, from imperfect cultivation, are at present not in a condition to pay a fair permanent juma, the advantages which a permanent settlement is assumed to hold out, without any undue sacrifice of the prospective resources of the State. I observe that it is generally admitted on all hands that an estate in which actual culti-

vation amounts to about 80 per cent. of the total cultivable or malgoozaree area, may be fairly held to have fulfilled the "prescribed conditions," and to have come up to the "standard" necessary to entitle it to a permanent settlement on the existing assets.

**Vide Paper No. 31.*

6. The plan suggested in your Excellency's original minute* (paragraphs 16 to 18) is very simple and intelligible. You propose that two amounts should be declared; the one, "the sum fixed on existing assets, and to be paid during the 30 years' settlement;" and the other, "the full sum ultimately assessable on the estate, supposing its resources to be fully developed, which sum would be the maximum demandable at the next settlement." If accepted by the landholder at the termination of the existing settlement, this latter sum would be the perpetual assessment of the estate. If not so accepted he may still demand a resettlement, "after inquiry in the usual way on the assets and the cultivation as they might be found to exist at that time." This latter assessment, if lower than "the maximum previously fixed," would not be declared permanent. I presume that under this plan the same process might be again gone through at the expiration of the next 30 years, the maximum or permanent assessment still remaining on record binding on the Government, and liable to be claimed by the landholder whenever it should suit his convenience to accept it.

7. Mr. Harrington "doubts whether what is proposed would be as effectual as supposed, and whether, without some greater degree of certainty that the measure would be successful than," he thinks, "exists, the Government would be justified in binding itself, while leaving perfect freedom of action to the other party to the contract." "Upon the whole, he is disposed to doubt the expediency of the Government tying itself down in any way, or coming under any positive engagement, in respect of estates which are not as yet in a condition to warrant their being settled in perpetuity." Mr. Harrington does not, however, propose any alternative plan of settlement.

**Vide Paper No. 32.*

8. Mr. Muir, the Senior Member of the Board of Revenue, North-West Provinces,† discusses the whole question at great length, and objects altogether to "the scheme of leaving the settlement to be accepted at a future period, and, if refused, making it then open to revision," which, he thinks, "would, in a certain measure, forfeit the important benefits of an absolutely permanent settlement." He, therefore, proposes that "the permanent settlement be concluded at once with the zemindars, and that the highest term or maximum demand be not deferred for a period exceeding 15 years." The Settlement Officer is to be at liberty, in the case of imperfectly developed estates, to allow a temporary abatement, so as to make the maximum take effect in 5, 10, or 15 years, never exceeding the latter period. The zemindar would be called on to execute the agreement based on these terms; and "in any case of refusal, that is, where the zemindar should accept the present abated assessment, but decline the prospective maximum, he should be allowed to hold on for the preliminary term. At its close, he might again be allowed the option of engaging at the permanent demand; and if he still refused, the estate might be farmed in the ordinary manner, as for recusance. In short, there would be no opening for revision. The assessment, once fixed, would be final." Mr. Muir is of opinion that "15 years is a quite sufficiently long period to admit of the development of backward estates in those parts of the country to which the present remarks refer. Any expected improvement stretching beyond that period must belong to the region of distant speculation, and in the practical work of settlement will be far more safely left altogether out of account."

9. Mr. Money, the Junior Member, says—"The most important and peculiar feature of His Excellency's scheme is the present assessment on estates not sufficiently developed for settlement in perpetuity on existing assets of a kamil juma, which, at the option of the proprietors, may be declared perpetual after the expiration of 30 years. I regret that I am unable to concur in the expediency of this arrangement. If two jumas, one slightly higher than the other, were fixed on any estate, and the native proprietor were allowed the option of engaging for 30 years for the payment of the lower juma, with the condition that, at the expiration of that term, the estate would be liable to re-assessment on its assets, whatever they might be, or of engaging permanently for the higher juma, he would elect for the temporary settlement, and trust to

chance for the future." Mr. Money accordingly comes to the conclusion that "every settlement which is intended to be permanent should be definitively engaged for at the time of settlement," all other estates being temporarily settled under existing rules. All estates "whose present assets are not sufficient for the immediate assessment thereon of a kamil juma" should be placed on a russuddee, or gradually increasing settlement; the demand of the kamil (or maximum) juma to take effect at a period not later than 12 years from the date of settlement; in exceptional cases the period to be extended to 15 years. "In all cases where an estate was held to be susceptible of permanent settlement under the rules above proposed, the proprietors should be called on to enter into engagements accordingly, and should not be allowed the option of electing for a temporary settlement. Should the proprietors refuse to enter into engagements, the settlement at the proposed russuddee [or increasing] juma should be made for the term of 12 years, under the provision in section 3, Regulation VII, 1822. On the expiration of the farming lease, zeuindars would be admitted to engagements in perpetuity at the kamil juma."

10. It seems, therefore, that the two Members of the Board of Revenue, North-West Provinces, although recording their opinions independently of each other, agree substantially in their conclusions. They deprecate any promise to be made of what shall be the permanent settlement at some future time, and urge that the primary arrangement should be the final one.

11. In the final orders issued by your Excellency's Government, as given in the letter from Mr. Secretary Bayley to Mr. Simson, Secretary to Government, North-West Provinces,* dated 8th June 1864, an endeavour seems to be made to combine the plan proposed in your Excellency's original minute with that suggested by the Board of Revenue, North-West Provinces, the operative part of the order being found in the 19th paragraph:—"Where the proportion of good culturable waste exceeds say 20 or 25 per cent. of the area under cultivation, a juma, calculated according to the existing assets, and, in addition a maximum juma, deduced from an estimate of the full future assets of the estate, shall be fixed. The maximum juma should not exceed the initial juma by more than from 25 to 50 per cent. The proprietors may engage for the maximum juma or not, as they think proper. If they do engage for it, they must do so in perpetuity. The juma will not be subject to revision, and the maximum will be leivable after 15 years. But it will rest with the Settlement Officer to decide by what steps and at what intervals the maximum shall be progressively demanded, whether in 5, 10, or 15 years or otherwise. If the proprietors decline to engage for the maximum in perpetuity, then a settlement terminable in 30 years shall be made with them at the initial juma."

12. It is not distinctly stated in the subsequent paragraphs that the ultimate permanent juma is to be recorded as the maximum demand which would ever be made on the estate, but it may be inferred that such was the intention of your Government. For instance, it is said in paragraph 27,—"As regards the fixation of a maximum assessment, available at pleasure to the proprietor of an estate temporarily settled, His Excellency believes that it possesses the advantage of supplying a motive and incentive to industry and enterprise, inasmuch as the landholder, while obtaining a fixed assessment for 30 years, at all events will know the utmost limit of possible revenue which can be demanded after the expiry of that term."

13. In the Circular Order of the Board of Revenue, North-West Provinces, which transmits to all Settlement Officers the instructions of the Supreme Government, the rule as to the settlement of the ultimate permanent demand is altogether relaxed. It is merely stated (paragraph 17) that "the Governor General is desirous that the benefits of a prospective limitation in perpetuity of the Government demand may, in so far as practicable, be secured; and this is contemplated by requiring the Settlement Officer, wherever he is in possession of data sufficient for the purpose, and feels that he can safely hazard an opinion, to declare at what limit the permanent assessment should eventually be fixed. This, though not in any measure authoritative, will remain on record."

14. It would, therefore, appear that the fundamental principle of your Excellency's scheme is altogether abandoned, and that although the Settlement

Officer is at liberty to declare what he thinks ought to be the limit of the eventual permanent assessment, this declaration of opinion, although it will remain on record, will not be "in any measure authoritative."

15. Of the four plans of settlement which are thus placed before Her Majesty's Government, it seems to me that the two last would be certain to be inoperative. The letter* of your Government gives the option to the zemindar of accepting a reduced demand for 30 years, with the assurance that the full or kamil juma then recorded will not be increased at the expiration of that term. The Board of Revenue withdraws that assurance, but still leaves the zemindar the option of choosing between a high assessment for 15 years and a low assessment for 30 years, with the chance only (instead of the certainty) of obtaining a moderate assessment (perhaps lower even than that now fixed on) after the expiration of the 30 years. The certain result of this option has already been given in the words of Mr. Money's minute.

16. The plan first put forward by Your Excellency is liable to the objection that, while it fails altogether to bind the landholder, it imposes a distant and possibly an inconvenient and improvident obligation on the State. The zemindar may hold his estate as before, on a 30 years' settlement, based on the existing assets. The Government, on the other hand, undertakes that at the expiration of that period a larger demand shall never be made than a given amount, now to be recorded, whatever the value of the estate may be at that time; but even, then, if the arrangement is objected to, it need not be accepted, and the zemindar may claim a fresh settlement on the then existing assets. It seems to me that the transaction is altogether one-sided, the whole probable advantage going to the zemindar, the whole contingent loss to the State.

17. The plan of the Board of Revenue is essentially different, and would really, if it could be carried out in practice, constitute a permanent settlement although it would not take full effect till after the lapse of 15 years. Her Majesty's Government, however, are not prepared to give their sanction to any settlement in perpetuity which is not based on the existing assets of the estates to which it is to be applied, but is founded on a prospective estimate of their future capabilities. No such measure was contemplated in my Despatch of the 9th July (No. 14), 1862; and looking to the objections which have been found in practice to attach to a graduated or rassuddee assessment, as pointed out in Mr. Muir's minute, and to the ill-effects which might follow the exclusion from the management of their estates of those proprietors who should decline to accept the proposals of the Revenue authorities, as referred to in the concluding portion of Mr. Harrington's minute of March 1864, Her Majesty's Government are under the necessity of withholding their consent to the adoption of the scheme suggested by the members of the Board of Revenue.

18. On a full consideration of the whole question, Her Majesty's Government have arrived at the conclusion that any declaration on the part of the Government of India, binding it to a course of action extending over a period of 30 years, would be altogether inexpedient. They are prepared to authorise an immediate settlement in perpetuity, after revision, for all estates in which the actual cultivation amounts to 80 per cent. of the cultivable or malgozaree area. In such cases, however, they are of opinion that the rule of the revised settlement, limiting the demand on the landowner to 50 per cent. of the existing assets, should not be strictly adhered to. As observed by Mr. Money, "existing settlements have been made at rates varying from 60 to 66 per cent. of the estimated assets, and there is, therefore, no hardship in making a settlement in perpetuity at not more than 60, when land is readily available to reduce the rate to 50." The advantage, securing a settlement in perpetuity at that rate would probably be sufficient to induce the zemindars to consent to an immediate contribution slightly in excess of the amount which they would be called on to pay on a 30 years' settlement, subject to an indefinite increase at the expiration of that term.

19. With regard to all other estates, in which the cultivation is so backward, and the future development of their resources so uncertain, that they are unfitted for a settlement in perpetuity, they should be treated in the ordinary manner, and settled for a term not exceeding 30 years, no expectation being held out, and, still more, no pledge being given to the proprietors, in respect to the

course which, at the expiration of that term, it might appear expedient to the Government of the day to pursue in dealing with their properties. In the case of estates of this description, it may be worthy of consideration whether so long a period as thirty years should be fixed on as the term of the revised settlement. If any pledge has been given, or even any general expectation held out, that the revised settlement shall be confirmed for the same term as the settlement which it replaces, it must of course be adhered to; but if such is not the case, it may probably be expedient to limit its duration to a period of fifteen or twenty years, at the expiration of which term cultivation may have so far advanced as to bring the estates within the conditions which would entitle them to a settlement in perpetuity.

20. I observe that, under the Circular Order of the Board of Revenue, "the provision for securing higher water rates on tracts brought subsequently to settlement under the influence of canals, will be the care of the irrigation department," and I therefore abstain from making any remarks on the subject in this place.

21. I take this opportunity of acknowledging the receipt of the Despatch from your Excellency in Council, dated the 5th December last (No. 20), on the subject of reserving the right of Government to mines at the coming permanent settlement, and I have to convey to you my approval of your instructions that the State, in making such a settlement wherever it has not been already made, may claim a share of the produce of such mines as revenue, and that the right should consequently be reserved, and a clause to that effect entered in the settlement papers. When the proprietary right in the land belongs to the State, as in the case of waste lands, it is clear that Government may deal with the mines so situated in any manner which it may deem expedient.

No. 38.]

No. 1666, dated Simla, the 19th June 1865.

From—E. C. BAYLEY, Esq., Secretary to the Government of India,
To—The Secretary to the Government of the North-Western Provinces.

I AM directed by the Right Honourable the Governor General in Council to transmit, for the guidance of His Honour the Lieutenant-Governor, the copy of a Despatch from the Right Honourable the Secretary of State, No. 11,* dated 24th March last, having reference to the discussions which have passed on the subject of a permanent settlement of the land revenue, and laying down definitively the principles on which it is to be concluded.

* *Vide Paper No. 37.*
2. His Excellency in Council requests that the Lieutenant-Governor will issue instructions to all officers concerned in the settlement of the land revenue, in conformity with paragraphs 18, 19, and 21 of the above despatch, and with due advertence to the subjoined remarks and injunctions.

3. His Honour will observe that the existing rules have been modified to the following extent.

4. Assessments, to be confirmed in perpetuity, must be at a fixed amount, calculated with reference to existing assets. No progressive assessment will therefore be admissible, under any circumstances, to settlement in perpetuity.

5. But while the settlement is to be concluded, in reference to the present value of an estate, the Settlement Officer will not necessarily be restricted to 50 per cent. of its estimated value or gross rental; the juma may be slightly in excess of the sum which would have been assessed had the settlement been only for a term of years. In illustration of this rule, the Secretary of State has quoted a remark by Mr. Monsy, who observes that existing settlements being formed at 66 per cent. of estimated assets, "there is no hardship in making a settlement in perpetuity at not more than 60, when land is readily available to reduce the rate to 50."

6. But His Excellency in Council commands me to impress upon the Settlement Department the necessity of using this discretion with extreme judgment and caution. No assessment should be made upon the strength of unclaimed land, under any circumstances, until the assessing officer shall have personally examined the soil, and assured himself that it may be easily and profitably brought under tillage. The addition to the assessment should also invariably be *within* the full estimate of prospective improvement.

7. Where an estate has been assessed upon these principles, it will be offered to the proprietor at the juma so fixed in perpetuity. Should the assessment on these terms be refused, the Collector will reconsider the case, and make a settlement under the ordinary rules for thirty years.

8. It will be understood that, as a general limit, the permanent settlement will be restricted to estates in which not more than 20 per cent. of the fairly culturable land remains unclaimed, as explained under the existing rule on that head.

9. Paragraph 19 of the Secretary of State's despatch refers to the term of settlement for backward tracts. This will be a point for the consideration of His Honour the Lieutenant-Governor, in regard to the peculiar circumstances of each tract or district. His Excellency would only remark that where an assessment can be fixed, fair at once to the Government and the proprietor, with reference to the general resources and condition of an estate, the term of settlement should not be less than thirty years.

10. It will be observed that where the settlement is made for a term and not in perpetuity, no guarantee or expectation is to be held out as to the conditions of the settlement which will be made by Government at the close of the term. Such parts of the existing orders as are inconsistent with this rule, must be held cancelled.

11. Paragraph 21 relates to the subject of mines and minerals. The ruling contained in my letter of 1st December last will be observed. A clause will be inserted in the settlement engagement reserving the right of Government to its share, as revenue, in the produce of mines and minerals. And in the case of mines and minerals in waste lands, instructions will be hereafter issued. Meanwhile, Rule 12(a) of the Waste Land Rules must govern all grants (a) Of Resolution of the 17th October 1861.

No. 39.]

No. 25, dated Simla, the 3rd August 1865.

From—The Government of India,

To—The Right Hon'ble Sir CHARLES WOOD, Bart., Her Majesty's Secretary of State for India.

**Vide Paper No. 37.*

REFERRING to your Despatch No. 11* of 1865, dated the 24th of March, we have the honour to transmit for your information the accompanying copy of a correspondence(b) with the Government of the North-Western Provinces, on the question of Permanent Settlement in relation to Canal Irrigation. A copy of the instructions(c) which we have caused to be issued on receipt of your Despatch above quoted, is also forwarded.

Not printed.

+*Vide Paper No. 39.*

(b) From North-Western Provinces, No. 619 A., dated 30th June 1865, and enclosures.

To North-Western Provinces, No. 496, dated 27th July 1865.

(c) To North-Western Provinces, No. 1606, + dated 19th June 1865.

We have, etc.,

JOHN LAWRENCE.

W. MANSFIELD.

W. GREY.

G. N. TAYLOR.

W. N. MASSEY.

H. M. DURAND.

No. 40.]

No. 17, dated India Office, London, the 17th March 1866.

From—EARL DEGREY AND RIFON, Her Majesty's Secretary of State for India,

To—The Government of India.

†*Vide Paper No. 39.*

§*Vide Paper No. 37.*

I HAVE had under my consideration in Council the Despatch from Your Excellency in Council, dated the 3rd August last (No. 25), in which you inform me of the orders issued by you to the Lieutenant-Governor of the North-Western Provinces, on the receipt of Sir Charles Wood's Despatch of the 24th of March last (No. 11), in regard to the proposed permanent settlement of that portion of territory. You also forward a series of correspondence having relation to the mode in which the permanent settlement of estates which have not yet received the full benefit, or, perhaps, any benefit, from the irrigation which they may hereafter obtain from the Ganges, Jumna, or other canals, may be effected.

2. Before proceeding to consider this question, I may at once inform you that I approve the instructions conveyed in your Secretary's|| letter of the 19th June 1865, to the Lieutenant-Governor, in regard to the permanent settlement of the North-Western Provinces.

3. I observe that the Lieutenant-Governor, in his Resolution of the 30th June 1865, has determined to maintain "the present system, which is the matured result of the experience of many years, and is well understood both by the officers of Government and by the people;" and he rejects any attempt to secure to the State a share in the profits accruing from tracts brought under canal irrigation subsequent to permanent settlement, unless, possibly, in the

||*Vide Paper No. 38.*

shape of a special charge on landlords for irrigation, over and above the water rates to be levied by officers of the Canal Department.

4. To these arrangements your Excellency in Council has given your approval.

5. The "present system," which your Excellency in Council has resolved to maintain, is defined by Mr. Muir as consisting in assessing the lands at half of their average assets, however created, whether through canal irrigation or otherwise; in other words, in taking one-half of the entire rental received by the landlord as the Government share.

6. I quite agree with the Lieutenant-Governor in considering that it would be incompatible with the idea of a permanent settlement to insert a condition in the sunnud, under which all lands hereafter brought under irrigation should be subjected to the same acreage rate as those already irrigated; and it seems to me that the same objection applies to the plan referred to by him of making a special charge upon landlords for irrigation, over and above the water rates which are paid by the cultivators for the use of the water which is supplied to them. I cannot but think that the principle of a permanent settlement would be vitiated if the juma originally fixed is to be hereafter liable to be increased by the imposition either of an augmented assessment, or of a special charge for water rate; and it would, probably, be indifferent to the landlord in what shape the additional impost was demanded.

7. It appears to me, however, that, unless suitable precautions are taken, great inequalities of assessment must follow from the plan proposed to be pursued by the Lieutenant-Governor. Assume the case of two estates, equal in extent and natural capability, of which one is under the full influence of the canal, while the means of irrigation have not yet reached the other. The first estate may, without irrigation, have produced a rental of Rs.3,000 per annum, which, from the ready supply of water, has been increased to Rs.5,000 per annum. Under the "present system" the permanent juma, supposing the estate to be cultivated up to the prescribed limit, would be fixed at Rs.2,500 per annum. The second estate, however, in its unimproved condition, would be liable only to a permanent juma of Rs.1,500 per annum, although containing land capable of raising the rental to Rs.5,000 per annum, whenever the means of irrigation should be supplied to it. In a few years, therefore, the two estates will produce an equal rental, when the landlord of the first will contribute to the State Rs.2,500 per annum, and the owner of the second will continue to hold his estate at the original juma of only Rs.1,500.

8. In order to obviate this state of things, to ensure as near an approach to equality in future assessments as may be practicable, and to provide for the just claims of the State when the condition of such estates shall have been improved by the application of canal water, it appears to me that some rule should be laid down analogous to that prescribed in regard to the extent of cultivation required before an estate can be admitted to permanent settlement. Under paragraph 18 of Sir Charles Wood's Despatch* of the 24th March (No. 11), 1865, no estate of which the actual cultivation amounts to less than 80 per cent. of the cultivable or malgozaree area, is admissible to a settlement in perpetuity. In like manner, a rule might be laid down that no permanent settlement should be concluded for any estate, the assets of which would, when canal irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the officers of the Settlement and Irrigation Departments, the existing assets in a proportion exceeding 20 per cent. All such estates should, as in the case of estates in which the cultivation is not fully developed, be treated in the ordinary manner, and settled on the present assets for such term, not exceeding thirty years, as you may determine on.

9. I desire that this question may be carefully considered, and the result communicated to me.

I have, etc.,

DE GREY AND RIPON.

No. 41.]

No. 20, dated the 20th November 1860.

From—The Government of India,

To—The Right Hon'ble SIR STAFFORD NORTHCOOTE, Bart., Her Majesty's Secretary of State for India,

**Vide Paper
No. 40.*

WE duly received the Despatch of the Earl de Grey and Ripon, No. 17,* dated 17th March last, on the principles to be observed in the permanent settlement of estates affected by canal irrigation. Before coming to a decision on this important question, we deemed it advisable to call for the opinion of the Lieutenant-Governor, North-Western Provinces, after consultation with the chief Revenue and Canal authorities under his control. This we have now received; and we forward a copy of the Despatch from the Government, North-Western Provinces, and of its enclosures, for your Lordship's consideration.

2. It would be remembered that Her Majesty's Government coincided with our view that the assessments of the permanent settlement were to be framed on the general principle of taking half the assets, however created; and that no demand in the shape of an acreage rate, or special charge, should hereafter be imposed on the landlords for additional lands brought under irrigation, beyond the ordinary water rate charged by the Canal authorities.

3. It is obvious, however, that under this system the assets of an estate, not open to canal irrigation at the time of settlement, might be greatly increased at any future period by canal water being led into it; and that if such settlement be made permanent, inequality of assessment and loss to Government will be the result. It was, therefore, proposed by Lord de Grey and Ripon to exclude from the permanent settlement estates "the assets of which would, when canal irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the officers of the Settlement and Irrigation Departments, the existing assets in a proportion exceeding 20 per cent." the rule being based on the analogy of that which requires as a condition of permanent assessment that four-fifths of the culturable area be under cultivation.

4. The reports now submitted for your Lordship's consideration are, upon the whole, adverse to this proposal; the opinion of the Lieutenant-Governor is very decidedly so.

5. The view urged by the Sudder Board of Revenue at Allahabad requires special discussion. Premising that it has been enjoined authoritatively that 80 per cent. of an estate must be under cultivation to qualify it for permanent assessment, and that a corresponding ratio has now been proposed by the late Secretary of State in respect of canal irrigation, they recommend that the principle be extended and generalised, and that a like rule be applied to every class of possible improvements. Thus by means of wells, embankments, drainage, water-courses, manure, location of cultivators, etc., the value of any estate may be improved till it reaches the maximum or extreme potential limit of excellence. The Board's plan is that the Settlement Officer shall fix this potential limit on a consideration of all possible future improvements for each estate as it comes under settlement; and if, at the time being, the estate has not reached to within 20 per cent. of such limit, then the privilege of a permanent settlement shall be refused. The Board think that, if the general principle were thus broadly laid down, the necessity for any special rule in reference to canal irrigation would be superseded.

6. But we are of opinion that there would be grave objection to any plan of this kind. It would be a matter of extreme difficulty to establish any practical standard of possible improvement that might be accomplished by means of skilled labour and capital; the process would be purely theoretical, and the upshot, matter of mere opinion or conjecture. We should strongly object to the benefits of a permanent settlement being curtailed and neutralised upon such loose and vague grounds.

7. But the leading objection to any such scheme is that it would remove from the grand measure in contemplation the very class of properties it is calculated chiefly to benefit. Where estates have reached, or nearly reached, the limit of possible improvement, there the motives created by a permanent limitation of the Government demand are not needed, or are needed but in a very inferior degree. It is with the express object of stimulating the investment of capital and the application of skill and labour in landed improvement, that it

has been proposed to make the assessment permanent. True, a certain measure of development is required as a preliminary to this concession ; and reasonably so, for otherwise the finanees would unduly suffer. This principle has been reeognised from the period when the measure was first proposed for the North-Western Provinces.* But such a limitation is very different from the principle advoated by the Board—a principle that would altogether circumscribe the action of the permanent settlement, and strip it of the chief value and merit to which it lays claim. To adopt such a measure would be virtually to recede from the promise already held out of a permanent assessment.

8. There is, however, a broad and clear distinction between improvements of the general character above adverted to and the improvement occasioned by canals. It is the object of the permanent settlement, in leaving the enhanced profit raised by the skill, exertion, and capital of the occupant entirely in his hands, to create the most powerful incentive to the progress and prosperity of the country ; but in the case of canal irrigation, the benefit is created without any application of skill, exertion, or capital on the part of the occupant. The water is brought to his door ; the value of his fields is enhanced by virtue of the labour, skill, and capital of others.

9. Improvement from canal irrigation is, therefore, entirely different from improvements made by the agricultural population. Of the former, “the profits are in no sense, or in a very limited sense, the result of expenditure of capital by the proprietor. It is the capital of the community which has produced these results ; and the community at large, that is the State, is entitled to share in the profits.”† Canal irrigation, then, is not one of the improvements which the permanent settlement is intended to create ; and in so far the argument for a permanent limitation of assessment will not apply to enhanced profits expected from its extension.

10. The only point open to discussion is, whether it would be expedient to enforce the right of the State to share in such profits ; whether, in point of fact, we could do so without infringing the essential principles of a permanent settlement ; or whether we should not rather unsettle the expectations of the people, introduce an element of uncertainty inconsistent with the absolute fixity of the land revenue, and so mar the measure. —

11. We presume that there will be, at this stage of the discussion, no disposition to reconsider the decision we have already arrived at with the sanction of Her Majesty’s Government, negativing any attempt to recoup the Government in its prospective loss of revenue by a special acreage rate or charge upon the landlord.‡ There remains, then, for enquiry, only the proposal contained in Lord de Grey’s Despatch to remove from permanent assessment all estates which, when canal irrigation shall have been carried to the full extent now contemplated, may be expected to have their assets increased thereby more than 20 per cent.

12. If this principle be limited to such tracts as will certainly, or with reasonable likelihood within a definite period, come under the influence of canal irrigation, we do not apprehend injury or harm from its application ; and it will certainly, to some extent, guard the financial interests of Government and promote uniformity of assessment. But the expression made use of in Lord de Grey’s Despatch, “full extent now contemplated,” is vague ; and if thereby it is the intention to extend the principle to projects in mere contemplation—if the bare possibility of a region being at some future period visited by an intended canal or some new branch of an existing canal, be regarded a sufficient reason for withholding permanence of assessment, then we concur wholly with the Lieutenant-Governor that the proposed limitation will prove injurious, and to a very material extent (so far as the Doab is concerned) abrogate the boon already held out of a permanent land-revenue assessment.

13. We would submit for your Lordship’s consideration that the analogy of the rule for waste lands, which apparently suggested the present proposal, is

* Regulation XIX of 1805, sections 7 and 24. The permanent settlement then proposed was to have been restricted to “such lands as shall be in a state of cultivation sufficiently advanced to render it proper to fix the assessment on the same in perpetuity.”

† Minute by Mr. Muir, dated 5th December 1861, paragraph 63. See also note at page 16 of the same Minute.

‡ See the Honorable Mr. Drummond’s Minute dated 30th June 1865, and his present Minute, paragraph 13. And Mr. Muir’s note dated 10th May 1865, page 10, *et seq.* Also paragraph 73, *et seq.*, of Minute dated 5th December 1861, quoted above.

not altogether apt and complete. With waste land the point is easily ascertained. It is only necessary to consult the record of measurement to determine whether four-fifths of the assessable area is already under cultivation; and whether according to the rule the estate is qualified for permanent settlement or not. With irrigation the case is entirely different. Where the system of rajbhajas (subsidiary watercourses) is complete, or under early orders for completion, there the expected enhancement may be matter of approximate estimate. But where a work is contemplated, but not yet laid out, it would be hardly possible to say what areas are likely to come under irrigation. It would be necessary to exclude whole tracts, and that upon a basis contingent and conjectural. The financial results involved are shown by the Lieutenant-Governor to be altogether disproportionate to the injury and disappointment thus entailed.

14. But if, as we have suggested above, in the opening sentence of paragraph 12, the measure be limited in its operation, we think that it might unobjectionably, and with some advantage, be carried out in the following manner. It would in the first place devolve upon the Irrigation Department to indicate, upon a large district or pergannah map, the limits to which canal irrigation will certainly, or with reasonable probability, extend within a given period, say five or six years. The Settlement Officer would then prepare a list of estates falling within the line of canal irrigation. From this he would strike out all estates which from his own knowledge were, on an approximate estimate, irrigated either from wells or canal water up to the standard indicated in the Despatch under reply. Of the remainder he would send the village maps (showing field boundaries) to the Canal Officer, who, from scientific survey and knowledge of the canal levels and slope of the country, would be able to estimate and mark off on the village maps the area likely to come under the influence of canal irrigation. Comparing this with the area of each estate already watered from wells and its general resources, the Settlement Officer would now be in a position to say with tolerable certainty whether the canal was likely to increase the assets by more than 20 per cent., and whether there should, under the proposed rule, be a permanent settlement or not.

15. We submit, however, that it would be more in analogy with the rule for waste lands if the proportion were fixed at one-fourth, or 25 per cent. The condition in case of waste is that 80 per cent. shall be cultivated, leaving a margin of 20 per cent. (or one-fourth of the existing area of cultivation) for future improvement.

16. Where estates are, under the above rule, excluded from permanent settlement, it might be advisable to limit the engagement to ten or fifteen years, within which period the expectations of the irrigation and revenue officers as to extended use of canal water, would, no doubt, be realised.

17. Such is a general outline of the rules which we submit for your Lordship's consideration. We should greatly deplore any arrangement calculated to limit largely the bounds to which the permanent settlement would otherwise extend. When we consider, on the one hand, the great social and political benefits to be looked for from a permanent settlement in the North-Western Provinces, and on the other, to the revenue which Government will save by no longer having to incur the cost of periodical survey and assessments, and by the results of the larger application of industry and capital that must materially mitigate the pressure of famine in years of drought, we do not doubt that, even in a financial point of view, the measure will prove advantageous to the Government. Having now held these provinces upwards of sixty years, we have ample means for effecting a fair and equitable assessment of the land revenue in perpetuity; and we earnestly trust that no conditions may be imposed to shackle this great work, or mar its success.

We have, etc.,
 JOHN LAWRENCE.
 W. R. MANSFIELD.
 W. GREY.
 G. N. TAYLOR.
 W. N. MASSEY.
 H. M. DURAND.

No. 42.]

No. 15, Revenue, dated India Office, London, the 23rd March 1867.

From—The Right Hon'ble SIR STAFFORD H. NORTHCOOTE, Bart., Her Majesty's Seoy. of State
for India,
To—The Government of India.

*Vide Paper
No. 41.

I HAVE considered in Council the Despatch* from Your Excellency in Council, dated the 20th November last (No. 29), on the subject of the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation.

†Vide Paper
No. 40.

2. In Lord de Grey's Despatch† of the 17th March 1866 (No. 17), it was proposed that a rule should be laid down, excluding from permanent settlement all estates "the assets of which would, when canal irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the officers of the Settlement and Irrigation Departments, the existing assets, in a proportion exceeding 20 per cent."

3. The Board of Revenue at Allahabad desire to generalise the terms of this rule so far as to extend it to exclude from permanent settlement all estates "the assets of which have not reached 80 per cent. of the amount which they are susceptible of attaining under a full development of the available means of cultivation and irrigation." Such a rule would, as Your Excellency observes, exclude from settlement all estates which, "by means of wells, embankments, watereourses, manure, location of cultivators, etc.," and, still more, by extension of the facilities of railway communication, had not reached the "maximum or potential limit of excellence," and would, as it appears to me, indefinitely postpone the time when, in the case of the great majority of estates, any permanent settlement could be permitted.

4. The Lieutenant-Governor of the North-Western Provinces would, on the other hand, withdraw all restrictive rules (retaining only, I presume, the rule which requires that 80 per cent. of the cultivable area shall be under actual cultivation before a permanent settlement shall be granted), and considers that "as a measure of large and enlightened policy the permanent settlement of these provinces should be carried out unhampered by further conditions."

5. Your Excellency in Council is of opinion that the rule prescribed by Earl de Grey, "if limited to such tracts as will certainly, or, with reasonable likelihood, within a definite period, come under the influence of canal irrigation," would not cause "injury or harm from its application," and would "certainly to some extent guard the financial interests of Government, and promote uniformity of assessment." Your Excellency, however, seems to think that the terms used by Lord de Grey, "when canal irrigation shall have been carried out to the full extent at present contemplated," should be construed to apply only to lands to which "canal irrigation will certainly, or with reasonable probability, extend within a given period, say five or six years." In regard to such lands you propose "to limit the engagement to ten or fifteen years, within which period the expectations of the irrigation and revenue officers as to extended use of canal water would, no doubt, be realised."

6. I have very carefully considered in Council the various documents which have been placed before me, and, after giving full weight to the varying, and indeed conflicting, opinions of the high authorities who have recorded their views on the subject, I have now to convey to you the final decision of Her Ma^tcy's Government.

7. In consenting to a permanent settlement of the land revenue at the present time, Her Majesty's Government are advisedly making a great financial sacrifice in favour of the proprietors of land. They are giving up the prospect of a large future revenue, which might have been made available for the promotion of objects of general utility, and might have rendered it possible to dispense with other forms of taxation. This sacrifice they are prepared to make in consideration of the great importance of connecting the interests of the proprietors of the land with the stability of the British Government. It is right, however, that I should point out that the advantages now conferred upon the landholders are far greater than those contemplated in former times, and especially that they are quite beyond the scope of the expectations held out when Lord Cornwallis originally formed a similar settlement in Bengal and Behar. The assessment made by Lord Cornwallis left rather less than one-

tenth of the rental to the zemindar. The present assessment will leave him one-half; and, in addition to this, one-fifth of the cultivable land, if at present uncultivated, is to be allowed to remain free of assessment for ever. Moreover, this settlement, instead of being granted (as was the case in Bengal and Behar) at a time of extreme depression and impoverishment, is granted at a time of unparalleled hopefulness for all kinds of industry in India, when the demand for every kind of produce is rapidly increasing and the price rising, and when railways and other forms of enterprise are beginning to develop the vast resources of the country, and to add to the wealth of all classes, and most especially to that of those connected with the land.

8. Under these circumstances, it does not appear to be either necessary or reasonable that the Government, as trustees for the whole body of the people, should confer upon the landholder, in addition to the other benefits which I have pointed out, the whole of the great increase in the value of his land which will certainly result from the extension of irrigation, without making any reservation on behalf of the public interest. The only feasible mode of making such reservation appears to be to withhold the permanent settlement in cases where irrigation is likely to be effected within a reasonable period; and it is with this view that my predecessors have laid down the rules now under consideration. In the justice of the principle on which those rules are founded, I entirely concur. It only now remains to define the period for which it will be right to defer the permanent settlement for lands capable of profitable irrigation, but not yet irrigated. I am of opinion that this period should be not less than twenty years. Great injustice and inequality would result from the adoption of a shorter period; for the projects of irrigation which are now in their infancy will probably receive a large development in the course of the time I have mentioned; and it would be unfair to enforce the claims of the State upon lands which may be irrigated within the next few years, leaving the estates to which the same boon may be extended a little later entirely free from it. Such a course, besides being unfair, would probably tend to retard the extension of irrigation, by making it the interest of the landholder that it should be deferred till his assessment has been completed.

9. I have, therefore, to desire that the following rules may be observed before estates in the North-West Provinces, or elsewhere, are admitted to permanent settlement, *viz.*,

First.—No estate shall be permanently settled in which the actual cultivation amounts to less than 80 per cent. of the cultivable or malgozaree area; and

Secondly.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next twenty years, and the existing assets of which would thereby be increased in the proportion of 20 per cent.

I have, etc.,
STAFFORD H. NORTHCOTE.

No. 43.]

No. 23, dated Simla, the 8th June 1867.

From—The Government of India,

To—The Right Hon'ble SIR STAFFORD NORTHCOTE, Bart., Her Majesty's Secretary of State for India.

We transmit, for your information, a copy of the instructions * we have

* Letter to Government, of the North-Western Provinces, No. 830, dated 31st May 1867. issued to the Government of the North-Western Provinces on receipt of your

Despatch No. 15, dated the 23rd March last, regarding the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation.

Annexure to No. 43.

No. 830, dated Simla, the 31st May 1867.

From—E. C. BAYLEY, Esq., Secretary to the Government of India,

To—R. SIMSON, Esq., Secretary to the Government of the North-Western Provinces.

Your letter No. 858, dated 28th September last, on the question of the permanent settlement of the land revenue of lands affected by canal irrigation, was duly considered by

the Right Honourable the Governor General in Council, and with its enclosures, was submitted

* No. 29, dated 20th November 1866.

to Her Majesty's Secretary of State for India

with a Despatch,* of which a copy is herewith

forwarded, setting forth the views of His Excellency in Council upon this important matter.

2. I am now directed to transmit the orders which have been received in reply from the Secretary of State, No. 15, dated 23rd March 1867, and to communicate the following instructions for the guidance of the Honourable the Lieutenant-Governor in giving effect to this despatch.

3. The principles now laid down for limiting the operation of the permanent settlement of the land revenue are as follow:—

First.—No estate shall be permanently settled in which the area actually under cultivation amounts to less than 80 per cent. of the culturable or *malgoozaree* area.

Second.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next twenty years, and the existing assets of which would thereby be increased in the proportion of 20 per cent.

4. The first condition is a simple reiteration of the rule laid down in Sir Charles Wood's Despatch of the 24th March 1865, paragraph 18. The existing instructions on the subject, ending with the orders of the Government of India, dated 19th June 1863, are full and complete; and nothing further need be added upon this point.

5. The second condition is framed with the view to obviate loss to the State from the permanent limitation of the Government demand upon estates the assets of which may hereafter improve in consequence of the extension of canals. Wherever canal irrigation is likely to be extended within the next twenty years, it is ruled that, if thereby the assets of an estate will be increased 20 per cent., such estate shall be subject to temporary, and not to permanent, settlement. The same principle will, of course, apply equally in respect of estates to which canal water already reaches, but in which it is only partially used.

6. In giving effect to this new condition, it will be necessary to consider separately—(1) the case of tracts under the influence of existing canals, or of branches in actual course of completion; and (2) tracts where no canal or branch of a canal now runs, but in which it is contemplated to construct such a work.

7. *First*, then, where canals already exist, His Excellency in Council remarks that the course to be followed is comparatively simple.

8. As proposed in the Despatch of the Government of India, to the Secretary of State, dated 20th November last, paragraph 14, the Irrigation Department will, in the first instance, furnish the Settlement Officer with a map, accompanied, if necessary, by an explanatory statement, in which will be shown, as nearly as can be estimated, the extent of area to which the canal, when fully developed, is expected to supply the means of irrigation. In doing this he will take into account all branches or subsidiary channels in course, or under orders, of construction. If there is any part of the project likely to be carried out, but in respect of which the Canal Officer has not sufficient materials for indicating the precise limits within which it will be operative, he will explain the circumstance, at the same time giving as close a description as he is able of the area likely to be affected by the projected extension; and such area will be treated as falling under the second class contemplated in the 6th paragraph.

9. The Settlement Officer having received the map and statement of the Canal Officer will prepare therefrom a complete list of estates falling within the anticipated limits of canal irrigation. He will then examine in respect of each such estate whether, on an approximate but careful estimate, it already enjoys the benefit of irrigation either from the canal, wells or other sources, up to the prescribed limit; that is to say, whether or not there is reasonable ground for believing that the assets will be increased 20 per cent. by the extended use of canal water. Where the condition is fulfilled, the estate (if otherwise qualified) will be recommended for permanent assessment. Where the condition is not fulfilled,—that is, where there exists clear ground for expecting that the assets will be increased 20 per cent. by the extension of canal irrigation,—the Settlement Officer will exclude the estate from perpetual assessment, and treat it in the same manner as if the prescribed limit of cultivation had not been attained. Where the Settlement Officer has not the means for determining, of his own knowledge, the extent to which canal irrigation may eventually reach, he will send the village map (showing field boundaries) to the Canal Officer, and the Canal Officer from the record of levels in the Irrigation Department, and, from his own knowledge of the contour and slope of the country, will be in a position to estimate and mark off upon the village map, with approximate accuracy, the limits of the area likely to come under the influence of canal irrigation. The Settlement Officer, after comparing this return with the area already watered from the canal or from wells or otherwise, and with the general resources of the estate, will now be able to determine with tolerable certainty whether or not the canal is likely to increase the assets hereafter 20 per cent., and he will classify the estate accordingly, as either for permanent or for temporary settlement, in the manner already explained. The grounds of his determination in either event must be fully given in the Village Statements Nos. II and III.

10. The grounds assumed by the Settlement Officers for expected increase of assets from extended canal irrigation must, of course, be to a great extent conjectural; but they are nevertheless to be deduced with the utmost possible care, and they are to be based always upon reasonable probability. An estate otherwise fitted for permanent assessment is not to be

excluded on mere suspicion that, at some future time, the assets may improve. There must be clear and specific foundation for the hope of increase, and definite ground for believing that the enhancement will reach to 20 per cent. of the existing assets.

11. In respect of villages falling within tracts likely to be affected by some canal project, of which the requisite details (as supposed at the close of paragraph 8) cannot yet be supplied, the Settlement Officer will refrain from proposing a permanent settlement, excepting where the proportion of land already under well or other irrigation may form fair ground for the belief that the assets would not be increased by any canal project 20 per cent., and where consequently he is warranted in recommending a perpetual assessment. Wherever tracts are excluded from permanent settlement on the above-mentioned grounds, the reason should be fully explained in the general settlement report.

12. In reporting his proceedings, the Settlement Officer will, along with the prescribed statements, supply lists of villages excluded from permanent settlement under the operation of the present orders, distinguishing, in separate Registers, (1) those villages which have been excluded under paragraph 9, because they are not irrigated up to the prescribed standard from existing works; and (2) those villages which would have been proposed for permanent assessment, but for the expectation of an extension of some canal or branch as supposed in the preceding paragraph, or but for the instructions of Government under the second head following, in respect of future projects. In case there should hereafter be ground for believing that such project will not be carried into effect, then this latter class of villages could at any time be proposed for permanent settlement in perpetuity upon the terms already concluded.

13. Second, there remains for consideration such tracts as may not be affected by any existing work, or by any branch of a work under construction; but "to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the twenty years."

14. His Excellency in Council observes that it is not to be expected that Settlement Officers will have any official information regarding projects of this character other than what may be communicated to them by Government. Unless, therefore, they may have received an authoritative instruction on the subject, they will frame their assessments in respect of perpetuity of assessment, without any reference to schemes of this nature.

15. But when a district is under settlement, it will be the duty of the Local Government to obtain from the Chief Engineer of Irrigation a specific report on the likelihood of new works of irrigation being carried out in the district within the next twenty years, and on the bounds within which such works, if executed, would probably extend the means of irrigation. After duly weighing this report, should there be, in the opinion of the Lieutenant-Governor, any definite likelihood of the nature supposed, the Government must instruct the Revenue Authorities to refrain from proposing a permanent settlement within the tract of country which, it is anticipated, will come under the influence of the expected new irrigation agency. But His Excellency in Council would impress upon His Honour that the "likelihood" of works of this nature is not to be construed in a vague and indeterminate sense. There must be the reasonable probability of a specific project being introduced, and, without the precise and definite expectation that a given work will be carried into execution, the Government will not interpose to prohibit a permanent assessment.

16. At a more advanced stage, a farther responsibility is imposed on the Government. When the settlement has been formed and reported, and has come before the Government for final orders, it cannot even then be confirmed in perpetuity if, at the time being, an irrigation work is, in the opinion of the Governor General in Council, likely within the next twenty years to enhance the assets. Thus the confirming authority must be in possession of the views, at the time, of the Governor General in Council on the likelihood of the construction of new works. This, of course, does not necessarily imply that the settlement itself should be reported to the Governor General in Council. But it is evidently expedient upon other grounds that no settlement, limiting in perpetuity the demand of Government, and thus affecting the permanent resources of the State, should be finally concluded without the knowledge and sanction of the Supreme Government. While the Lieutenant-Governor will, therefore, continue, as heretofore, to submit temporary settlements, His Honour will report, for the confirmation of the Government of India, all assessments proposed in perpetuity, and the Government of India will then take the opportunity of considering, in the Department of Public Works, the probability of any new works of irrigation.

17. In order to render this check effective, it is important that no action should be taken by Settlement Officers compromising, or appearing to compromise, the Government to a permanent settlement. It is true that the standard form of the "engagement" runs in terms implying that the assessment is subject to the sanction of the superior authorities. Yet this stipulation may not obviate the impression among the proprietors that the settlement (even if the assessment were altered by superior authority) is to be in perpetuity, and such notion will be the more natural when, as is generally the case, a considerable interval has elapsed between the formation of the settlement and the period when it comes under the review of Government.

18. It is important, then, that there should be nothing in the form of engagement to encourage the idea that the superior authorities have not the fullest power of interposing to limit the terms of the settlement.

19. With this view it will be expedient that, wherever a Settlement Officer may propose an assessment in perpetuity, the form of engagement shall be indefinite as to time. The engagement for temporary assessments should still, as heretofore, specify the term for which the

settlement is concluded, since it is important in this case that the proprietor should know the exact length of his contract. But the engagement for settlements intended to be permanent, there will be no mention of any term, and it will be explained to those concerned that it rests with the Government to determine whether or not the concession of a permanent settlement shall be made in their behalf, and that they will be duly informed on this point hereafter.

20. It appears to the Governor General in Council that the simplest mode of carrying this system into effect will be that, when the settlement of any district or pergunnah, or part of a district or pergunnah, shall have been confirmed by the Governor General in Council as perpetual, Sunnuds should be issued to that effect by the Local Government. These would be engrossed separately for each mehal, and would simply specify that the Governor General in Council had sanctioned the settlement of such an estate at such a sum for ever; and they would bear the seal and signature of the Lieutenant-Governor, or of the Secretary to Government. In the case of villages bordering on rivers, it would be necessary to add that the addition of any culturable lands caused by fluvial action would render the mehal liable to increased assessment on account of such lands.

21. The Governor General in Council is disposed to think that this would be sufficient without the enactment of any new law on the subject. The obligation would be complete as against the Government; and it is the Government alone which, having the arbitrary power of fixing at pleasure the amount of assessment, is concerned in creating the obligation.

22. Looking to previous enactments, His Excellency in Council observes that Act VIII of 1846 was passed with the view of securing uniformity in the term for which the settlements in the several districts of the North-Western Provinces should run. Section 4 enacts that, on the expiration of the term, any proprietor might give notice that he desired to relinquish his lease; and section 5 prescribes that, in default of such notice, proprietors should be bound by the terms of the expired settlement.

23. But under the course above proposed for permanent settlements, the proprietor will lodge with the Settlement Officer an engagement to pay the determined assessment without any limitation of time, and it does not, therefore, appear that any law would be necessary to make the engagement have a perpetual force.

24. This point, however, is open to the consideration of His Honour the Lieutenant-Governor. If any farther obligation be deemed necessary on the part of the proprietor, it could be secured either by taking a fresh engagement from him in perpetuity on the issue of the Government Sunnud, or by an express enactment. Should His Honour be of opinion that anything farther of this nature is required, it will be open to the Government, North-Western Provinces, to bring the subject again under the consideration of His Excellency in Council.

25. In applying the new rule now promulgated to settlements already concluded conditionally under an engagement of perpetuity, His Honour the Lieutenant-Governor will cause these settlements to be reviewed. But it only is in very clear and urgent cases that a settlement so concluded in perpetuity should, under the operation of the principle now laid down, be made temporary. His Excellency in Council remarks that, in some districts, settlements of this nature have already been for some considerable time in operation, and expectations have been naturally raised of a permanent assessment, which ought not lightly to be set aside. In respect of contemplated projects for new irrigational works, or the extension of existing ones, it will be for the consideration of His Honour, in the Department of Public Works, to consider what shall be held as coming within the condition now laid down by the Secretary of State. It is merely necessary here to allude to the project of the Furruckabad extension of the Ganges Canal, and, possibly, to the Deobun extension, and to the suggested supplementary work from the Jumna at Delhi. This subject will be farther considered, as may be found expedient, by His Excellency in Council in the Department Public Works.

26. In conclusion, I am to add that His Excellency in Council trusts that the great work now in progress under the direction of the Lieutenant-Governor may not unnecessarily be checked by any narrow construction of the conditions which Her Majesty's Government have seen fit for the security of the Imperial revenue to impose; and that while these conditions must be implicitly and loyally obeyed, His Excellency in Council will support His Honour and the local authorities in the exercise of a fair and liberal discretion in carrying them into effect.

No. 831.

COPY forwarded to the Public Works Department.

No. 44.]

No. 44, dated India Office, London, the 16th August 1867.

From—The Right Honourable SIR STAFFORD H. NORTHCOTE, Bart., Secretary of State for India,
To—The Government of India.

I HAVE had under my consideration in Council the Despatch* from Your Excellency in Council in the Home Department (Revenue), dated the 8th June last (No. 23), with which you forward a copy of the instructions† which you have issued to the Government of the North-Western Provinces regarding the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation.

*Vide Paper
No. 43.

†Vide An-
nexure to
paper No.
43.

* Vide Paper No. 42. 2. These instructions are in entire accordance with the orders conveyed to you in my Despatch* of the 23rd March last (No. 15), and they consequently have my full approval.

No. 45.]

No. 80, dated Simla, the 26th July 1867.

From—The Government of India,

To—The Right Hon'ble Sir Bradford H. Norrington, Bart., Her Majesty's Secretary of State for India.

+ Vide Paper No. 43. REFERRING to our Despatch No. 23,† dated the 8th ultimo, communicating a copy of the instructions issued to the Government of the North-Western Provinces on your Despatch No. 15,† dated the 23rd March last, regarding the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation, we transmit herewith for your information, copy of further correspondence on the subject as noted on the margin.

+ Vide Paper No. 42. From Government of the North-Western Provinces, No. 562A., dated 25th June 1867, and two enclosures. (Not printed.)

To Government of the North-Western Provinces, No. 2604, dated 22nd July 1867. (Not printed.)

the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation, we transmit herewith for your information, copy of further correspondence on the subject as noted on the margin.

No. 46.]

No. 49, dated the 29th November 1867.

From—The Government of India,

To—The Right Hon'ble Sir Bradford H. Norrington, Bart., Her Majesty's Secretary of State for India.

§ Vide Paper No. 45. REFERRING to our Despatch No. 30,§ dated the 26th July last, we transmit, for your information, copy of further correspondence with the Government of

From Government of the North-Western Provinces, No. 1030 A., dated 6th November 1867, and annexure.

To Government of the North-Western Provinces, No. 553, dated 23rd November 1867. the instructions proposed to be issued by that Government to Settlement Officers in carrying out our orders regarding the permanent settlement of estates affected, or liable to be hereafter affected, by canal irrigation.

Anneξure I to No 46.

No. 1030 A., dated Camp, Roorkee, the 6th November 1867.

From—R. SIMSON, Esq., Secretary to the Government of the North-Western Provinces,

To—E. C. BAYLEY, Esq., Secretary to the Government of India, Home Department.

IN continuation of my letter No. 562 A., dated 25th June last, I am directed to forward, for the information of His Excellency the Viceroy and Governor General in Council, the accompanying copy of the instructions to Settlement Officers in carrying out the orders of the Supreme Government regarding the permanent settlement of the land revenue of the lands affected by canal irrigation, which have been approved by the Lieutenant-Governor.

Proposed Circular.

THE annexed extracts from the orders of the Government of India define the principles upon which the limitation of the Government land revenue in perpetuity is to be based.

First.—No estate shall be permanently settled in which the area under cultivation amounts to less than 80 per cent. of the culturable or malgozaree area.

Second.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next twenty years, and the existing assets of which would thereby be increased in the proportion of 20 per cent.

2. The first condition has already been enjoined, and regarding its application full instructions have been issued.

3. The second is new, and is intended to obviate loss to the State by the limitation of its demand in perpetuity upon estates which are likely to become more productive from the extension of canals.

4. It applies equally to estates which do not now receive canal water, but which are likely to be brought within the canal system hereafter, and to those which already receive partial canal irrigation, but which may hereafter use canal water more extensively.

5. Settlement Officers who are now engaged in the revision of settlement of districts in which canals exist, and Collectors of such districts the settlement of which has recently been revised, will be furnished by the Irrigation Department with a map, accompanied, where necessary, by an explanatory memorandum, showing, as nearly as can be estimated, the extent of area to which the canal system, when fully developed, is expected to supply the means of irrigation.

6. All branches or subsidiary channels in course or under orders of construction will be taken into account, and when the canal officer is unable to indicate the precise limits of the operation of projected works, the Settlement Officer will be furnished by him with the closest

description of the area likely to be affected which may be practicable, and such area will come under the class of estates which, though not at present irrigated from any canal, are likely to be so irrigated hereafter.

7. The Settlement Officer having received the information from the Canal Department, will prepare therefrom a complete list of estates falling within the anticipated limit of canal irrigation.

8. He will then proceed to examine each estate in detail, and determine whether there is reasonable ground for believing that existing assets will be enhanced 20 per cent. by the result of canal extension.

9. When the estate is found to have 80 per cent. of the culturable area under cultivation, and it is also judged to be incapable of having its assets enhanced to the extent of 20 per cent. by the further development of the canal system, it will be entered in the list of estates which are to be recommended for permanent settlement.

10. But in the determination of an equitable demand upon an estate, the Settlement Officer is required to exercise his own judgment upon many points, when no precise rule can be laid down, and one of these is the assessment of the share to which the State may be entitled in the prospective profits to be derived from land which is waste at the time of settlement, but which is capable of being brought under cultivation.

11. A large margin of culturable waste would form an important element in the estimate of the capabilities of an estate, but the precise value to be attached to this source of prospective improvement would depend upon a variety of circumstances, which could only be ascertained from local inspection and enquiry.

12. The principles which should govern the assessment of an estate for a limited term of years are, however, equally applicable to an assessment in perpetuity with this addition that when, as in a temporary settlement the theoretical anticipations of the Settlement Officer can be corrected at a future time, no such correction is possible when the demand is fixed in perpetuity, and it therefore becomes a question of far greater importance in the latter than in former case, that an accurate estimate of the capabilities of the estate for future enhanced productiveness should be determined upon reliable data.

13. By paragraph 18 of the Despatch of the Secretary of State for India, No. 11, of the 24th March 1865, it is laid down that the sum of an estate settled in perpetuity may be slightly in excess of the sum which would have been assessed had the settlement only been for a term of years.

14. Settlement Officers have, however, been enjoined to use this discretion with extreme judgment and caution and to refrain from making an assessment upon the strength of unclaimed land until the assessing officer has personally examined the soil and assured himself that it may easily and profitably be brought under tillage.

15. When, however, the Settlement Officer, after a careful personal examination and full consideration of all the circumstances of the estate, has determined that under the existing rules it is entitled to a permanent settlement, he will assess the demand of the State upon the principles now laid down, and the offer of a permanent settlement at that sum will be made to the zemindar.

16. Should the zemindar decline to accept it, the Settlement Officer will proceed to reconsider the assessment, and make the settlement under the ordinary rules for thirty years.

17. It does not necessarily follow that the demand assessed in perpetuity would be higher than that which would be fixed for a thirty years' settlement, but where the circumstances of the estate require that the concession of a permanent restriction of the demand should in the interests of the State, cause that demand to be higher than it would be for a temporary settlement, the zemindar will have the option of accepting or refusing the higher sum.

18. If it should be found that 80 per cent. of the culturable area is not under cultivation, or if there exist clear grounds for expecting that the assets will be increased 20 per cent. by the extension of canal irrigation, the estate will be entered in the list of those under temporary assessment.

19. Whenever the Settlement Officer is unable to determine from his own knowledge the extent to which canal irrigation will eventually reach, he will send the village map (showing field boundaries) to the Canal Officer, and the Canal Officer, from the records of levels in the Irrigation Department, and from his own knowledge of the contour and slope of the country, will be in a position to estimate and mark off upon the village map with approximate accuracy the limits of the area likely to come ultimately under the influence of canal irrigation.

20. The Settlement Officer, after comparing this return with the area already under irrigation, and with the general resources of the estate, will be able to determine with tolerable accuracy whether or not the canal is likely to increase the assets hereafter 20 per cent., and he will classify the estate accordingly, either for temporary or permanent settlement, in the manner already explained.

21. The grounds assumed by the Settlement Officer for expected increase of assets from extended canal irrigation must of course be, to a great extent, conjectural, but they are nevertheless to be deduced with the greatest possible care, and they are to be based always upon reasonable probability.

22. An estate otherwise fitted for permanent assessment is not to be excluded on mere suspicion that at some future time the assets may improve. There must be clear and definite foundation for the hope of increase and specific ground for believing that the enhancement will reach 20 per cent. of the existing assets.

23. In some districts in which the settlements are completed, there has been already a considerable increase in the area irrigated from the canals since the assessment was determined. In villages so situated it will be easy to ascertain the extent to which enhancement of assets has resulted from the operations of the canals, and from statistics so obtained the probable results of canal extension in other villages under like circumstances can be deduced.

24. In respect of villages falling within tracts likely to be affected by some canal project of which the requisite details are not sufficiently matured to enable the Irrigation Department to state the precise limits of its operation, permanent settlement will not be proposed by the Settlement Officer, unless he finds the area of any estate already irrigated from wells or other sources to be so large as to render it improbable that the assets will be increased 20 per cent. by any canal project.

25. Whenever tracts of country are excluded from permanent settlement on the above-mentioned grounds, the reasons should be fully stated in the general settlement report.

26. In submitting the result of his proceedings, the Settlement Officer will furnish lists of estates excluded from permanent settlement under the following heads:—

1st.—Estates excluded because they are not irrigated up to the prescribed standard from existing canals.

2nd.—Estates which are excluded solely on account of their lying within the range of projected new works or of extensions to existing canals.

27. In acting upon these instructions, it is essential that Settlement Officers should bear in mind that the conferment of a perpetual settlement rests solely with the Government; they are therefore strictly enjoined to abstain from any proceeding which may compromise, or even appear to compromise, the Government in any way.

28. Whenever the Settlement Officer, acting upon the principles now laid down, decides that an estate is to be excluded from permanent settlement, he will take engagements from the zemindars for a specified limited period.

29. But when an estate is recommended for settlement in perpetuity, the engagement will be taken "for thirty years or for ever as the Government may determine," and the Settlement Officer will be held responsible for any misapprehension which may be caused by neglect on his part to explain fully to those concerned that it rests entirely with the Government to determine whether the engagements are to be for a limited period or in perpetuity.

30. The form of engagement given in Appendix No. IX to the Directions to Settlement Officers has already been modified by the omission of any mention of cases, the total demand only being now specified, and by a slight alteration relating to the stipulation in cases of alluvion, the following further alteration will meet the requirements of cases in which permanent settlement is recommended:—

"I the zemindar of _____ or we the lumberdars
"of _____ on condition of the sanction of Government engage to pay the sum of
"Rupees _____ year by year, being the Government demand for the said Mouzah
"from the year _____ and thereafter,

"In case of alluvion exceeding 10 per cent. of the cultivated area of the mehal, we shall
"be responsible for such additional demand as, under the rules of the time existing, may be
"determined by the Collector and be confirmed by superior authority.

Annexe II to No. 46.

No. 553, dated the 23rd November 1867.

From—E. C. Bayley, Esq., Secretary to the Government of India,

To—R. Simson, Esq., Secretary to the Government of the North-Western Provinces.

I AM directed to acknowledge the receipt of your letter of the 6th instant, No. 1030A, and to state, in reply, that the Governor General in Council approves of the instructions proposed to be issued to Settlement Officers in carrying out the orders of the Government of India regarding the permanent settlement of the land revenue of the lands affected by canal irrigation.

No. 47.]

No. 52, dated India Office, London, the 8th November 1867.

From—The Right Honourable Sir Stafford H. Northcote, Bart., Secretary of State for India,

To—The Government of India.

I HAVE considered the Despatch* from Your Excellency in Council numbered 30 and dated the 26th of July last, in which you report to me that, at the suggestion of the Lieutenant-Governor of the North-Western Provinces, you have desired that, whenever a Settlement Officer may propose a settlement in perpetuity, the words used in the form of engagement should be "for thirty years from date, or for ever, if the Government so determine," instead of being indefinite as in paragraphs 18 and 19 of the letter of instructions ap-

*Vide Paper No. 45. proved by me in my Despatch† of the 16th of August last, No. 44.

†Vide Paper No. 44. 2. I see no objection to the proposed alteration.

No. 48.]

No. 7, dated India Office, London, the 24th January 1868.

From—The Right Honourable SIR STAFFORD H. NORTHCOTE, Bart., Secretary of State for India.
To—The Government of India.

*Vide Paper
No. 46.
†Vide Paper
No. 45.

I HAVE considered in Council the Despatch* from Your Excellency in Council, numbered 48 Revenue, and dated the 28th of November last, with which you transmit to me in continuation of your Despatch No. 30† of the 26th of July the copy of a further correspondence with the Government of the North-Western Provinces as to the instructions to be issued to Settlement Officers in putting in force the orders regarding the permanent settlement of estates affected, or liable to be affected, by canal irrigation.

[‡]Vide Paper
No. 47.

2. The proceedings reported in the Despatch No. 30 have already been approved by me in my Despatch‡ numbered 52, dated the 8th of November.

3. The circular of instructions which you now transmit appears to have been very carefully prepared in accordance with the orders issued by Your Excellency in Council after communication with this country, and has been rightly approved by you.

No. 49.]

No. 280, dated Allahabad, the 20th February 1869.

From—R. SIMPSON, Esq., Secretary to the Government of the North-Western Provinces,
To—The Secretary to the Government of India, Home Department.

I AM directed to forward, for the consideration and orders of His Excellency the Governor General in Council, the accompanying Minutes recorded by the Lieutenant-Governor on the rates for assessment of Pergunnah Baghput, Zilla Meerut, proposed by the Settlement Officer.

Annexure I to No. 49.

Minute dated 13th February 1869, by the HONOURABLE SIR W. MUIR, Lieutenant-Governor of the North-Western Provinces, on the rates for assessment of Pergunnah Baghput, Zilla Meerut.

THE Sudder Board of Revenue in their address, dated 26th November last, submit for orders a communication from the Settlement Officer of Meerut on the principles to be followed in settling the rates for the assessment of Pergunnah Baghput; and as a new and important question is involved, I desire that it be reported to the Governor General in Council for directions.

The pergunnah was settled by Sir Henry Elliott above thirty years ago, and the assessment was fixed by him considerably below the full average demand in consequence of an impression that a higher assessment would be resisted by a combination among the influential proprietors (see paragraphs 17 to 19 of Mr. Forbes' Report).

The rate assessed per cultivated acre was not much above half of that assessed on neighbouring pergunnahs little better than it.

Since that period the pergunnah has, under the influence of irrigation from the Eastern Jumna Canal, rapidly improved. The cultivated area has increased from 78,500 acres to 98,369, and the land under irrigation from 12,623 to 59,000 acres.

The present report is a preliminary one submitted by Mr. Forbes to the Board, whose sanction is required to the average standard rates before these are actually used for assessment.

After studying the circumstances of the pergunnah and the rates of adjacent tracts, Mr. Forbes in his 28th paragraph has proposed a series of average revenue rates which, though possibly capable of some slight modifications, may on the whole be accepted as equitable.

From the lowness of the former assessment, and from the great improvement of the agriculture, these rates, when applied broadly to the area, give a return of above Rs 2,45,000; whereas the present assessment is only Rs 1,48,000.

"Revenue rates" are of course only approximate, and serve as a general test and standard of comparison. Assessments rise above or fall below the average according to the capabilities of individual estates. But, nevertheless, the final assessment ordinarily approximates to the rates thus preliminarily settled, and should so approximate.

The question which Mr. Forbes had before him is, whether he could safely raise the assessment at once from Rs 1,48,000 to Rs 2,45,000 or, if forced to adopt any lower figures, whether he could recommend the result for perpetual confirmation.

Looking to the circumstances of the pergunnah generally, and without having as yet gone into the assessment of any particular estate, Mr. Forbes says that he could not, without risk of injury to the pergunnah, suddenly and at once raise the assessment above Rs 2,10,000; and even that, as will be seen, implies an increase of Rs 62,000, or about 42 per cent. This assessment is, however, Rs 35,000 below what Mr. Forbes considers the standard demand which may hereafter be reached; and if the settlement be now made in perpetuity, an eventual loss to that extent will, he thinks, be entailed on the Government.

The inability to fix the assessment at once at the higher amount is not occasioned by any want of present development; the pergunnah is in a very forward state, and the villages as a rule fully comply with the requisitions of a permanent settlement laid down by the Secretary of State. The difficulty lies in two things.

First, as a general principle, when the assessment of an estate is greatly below the standard, the raising of the demand to the full amount is held to involve risk to the well-being of the proprietors and prosperity of the property. It is safer to make the enhancement by steps, so that the circumstances of the proprietors may more easily adjust themselves to the diminished profits.

The second cause is that rents have not risen in proportion to the improvement of the pergunnah. This is more or less the case throughout the country, but it is especially the case in Baghput. The above

consideration does not of course affect the question so far as fields cultivated by the proprietors themselves are concerned, which would appear to be a very

Paragraph 11, *et seq.* general feature in this pergunnah. And in respect of lands

held by non-proprietary tenants, no doubt their rents will eventually rise to the standard prevailing elsewhere, and this rise will be hastened, as it always is, by a rise in the revenue demand. But the process must be left to adjust itself, and though the rise may to a certain extent be anticipated by the assessing officer, it would not be wise to do so beyond very restricted limits.

After inspecting the several districts under settlement in the Meerut Division last summer, I deemed it necessary to draw the attention of officers engaged in the work to the duty of loyally and faithfully carrying out the views of Her Majesty's Government in respect of proposals for permanent settlement without advertence to any theories they might themselves

* Copy enclosed. hold. The Minute on the subject, dated 6th June last,* was issued after approval by the late Viceroy. It was there laid

down that Settlement Officers were not to refuse a permanent settlement from any theoretical considerations as to future rise of rent, seeing that this contingency had been fully adverted to by Her Majesty's Government and the Government of India before the determination had been announced to grant a permanent settlement. At the same time it was stated that in individual cases, where the rent was below that prevailing in the vicinity, and where in consequence a full assessment might not be attainable, the Settlement Officer was to notice the circumstances, leaving the decision, as to whether the settlement should be permanent or temporary, in the hands of the Board and Government.

The present case is represented as being one of inadequacy in the rent, not of individual villages compared with the pergunnah, but in the prevailing rates of the pergunnah itself compared with other pergunnahs.

It is also a case in which all the conditions prescribed by Her Majesty's Government as entitling proprietors to a permanent settlement exist; cultivation in Baghput is highly developed; canal irrigation has reached its full limit. But the cultivator appears here to retain a larger share of the profits than elsewhere. And it is only where on this account, or otherwise in consequence of previous inadequacy of demand, a full assessment cannot be attained that a settlement in perpetuity could be refused to the proprietors.

The estates in the pergunnah will of course differ in their circumstances and ability at once to yield a full assessment.

There will be first, a class which either from not having 80 per cent. of their culturable area cultivated, or having a capacity of further improvement from canal irrigation, do not fulfil the Secretary of State's conditions. And these will of course be settled temporarily.

Of those which come up to the standard, there will no doubt be many that can afford at once to be assessed at a fair full demand, as judged by the standard of neighbouring pergunnahs where adequate rents prevail. These will without hesitation be so assessed and recommended for settlement in perpetuity.

There remain estates of which the assessment cannot at once be brought up to the fair full assessment.

Perhaps these might be divided into two classes:—

First.—Those in which the full assessment could be approached within, say, 30 to 40 per cent. Here the full assessment might be fixed in perpetuity—a deduction being allowed at the lower assessment, say, for a period not exceeding seven years. Thus an estate, of which the full permanent assessment might be Rs 700, might, on the above considerations, be settled at any lower sum down to Rs 500, for any period not exceeding seven years, after which the full assessment would take effect. The above of course would be the extreme limits of divergence from the ordinary rule of immediate individual assessment at full rates. This, I take it, is the plan which the Board recommend.

Second.—If the full assessment could not be reached within those limits, then the settlement must be temporary.

It might be objected that the foregoing would be in effect the same system of "russuddee" assessment, recommended by Mr. Money and myself in our Minutes of March 1864, but to which Her Majesty's Government were not prepared to give their assent (see paragraph 17 of Sir Charles Wood's Despatch, dated 24th March 1865). But it is really not so. Progressive assessment was in that case proposed for estates of which the agriculture and assets were undeveloped, the area under cultivation being less than 30 per cent. of the whole; and Her Majesty's Government were not prepared to give their sanction to any settlement in perpetuity which is not based on the existing assets of the estates to which it is to be applied, "but is founded on a prospective estimate of their future capabilities." Here, however, as pointed out by Mr. Forbes, it is not a "prospective improvement" that is looked to. Agriculture is already fully developed.

The full assessment would thus be fixed on a consideration of present assets; but a deduc-

tion would be allowed temporarily in view of the hardship that would be caused by a sudden rise to the full amount.

There has been a very considerable rise in rents in Boolunshubur since the settlement; the exact details are now under investigation, with the view of determining whether the assessment in that district can be recommended in perpetuity without undue loss to the State. I shall no doubt have the opportunity of bringing this question fully under the consideration of the Governor General in Council. I merely mention it here to show that if the course above sketched be followed with discretion and judgment and within moderate limits, there will be no difficulty of the proprietor being able within the period specified to adjust his rents to the enhanced demand. And generally where the full rise is not made at once with the view of preventing hardship, the interval will sufficiently allow of the proprietors adapting themselves to their altered prospects.

Under any circumstances, great moderation will be enjoined on Mr. Forbes. Where a pergunnah has reached so high a degree of perfection as Baghpat, it is always necessary to be moderate in the assessment of profits, which may decline, but cannot much improve.

I shall be glad if the principle above proposed should meet with the approval of the Governor General in Council. The alternative will be to exclude from the benefits of permanent settlement a very considerable number of estates which meet the requirements laid down by Her Majesty's Secretary of State, and are in every respect as likely as any other part of the country to benefit by the concession.

Annexure II to No. 49.

Minute dated 6th June 1868, by the HONOURABLE SIR W. MUIR, Lieutenant-Governor of the North-Western Provinces, on certain points connected with Permanent Settlement of the Land Revenue.

From expressions which came to my notice, both in conversation and in official papers during my late tour, I am under the impression that the opinions entertained by individual officers on the expediency of a permanent settlement of the land revenue have led to a certain divergence, in the practice and standard they have set before them, from the principles laid down by the Home and Indian Governments for the regulation of the settlement.

I am far from thinking that this divergence is intentional. The high and loyal principles which actuate all our Settlement Officers would, I am fully persuaded, prevent any wilful deviation from the instructions laid down by competent authority. But where theories are strongly held, they often insensibly influence the course of action, and lead unconsciously to interpretations and inferences in accordance with those theories.

I think, therefore, that there is a necessity at the present moment for recalling the attention of Settlement Officers to the principles that have been affirmed, and practice enjoined by the supreme authority. On a question like that of a permanent settlement, on which a balance must be struck between opposing sets of advantages and disadvantages, there is of course room for every shade of personal opinion; and the expediency of the measure has, in point of fact, been more discussed for the last fifty or sixty years, than perhaps any other large question connected with the land revenue of India. When the subject came finally before the Home and Indian Governments, every argument that could be urged for or against the measure was before them and was duly weighed; and the decision was definitively come to that, under certain conditions, a permanent settlement should be conceded. That decision has been pronounced by the supreme authority, and has been with every formality promulgated. It is no longer a matter of individual opinion, the merits and expediency of which are open to question or to discussion in official reports.

The broad principle has been laid down that the revenue is to be settled in perpetuity, wherever the uncultivated portion of the cultivable area is less than 20 per cent., with this condition that, where there is any prospect of fresh canal irrigation producing an increase of above 20 per cent. in the assets, the permanency is to be withheld.

The measure is of course not applicable to secluded and backward districts, with a poor and rudimentary standard of agriculture. But, with this exception, the directions on the subject are absolute, and are not to be weakened by the application of any theory of future development.

The two points on which I have found the practice in danger of being influenced by theory are, expected improvement from wells, and expected rise of rent.

On the first point, for instance, it is held in reference to a village or circle of villages that wells might be sunk and from them irrigation be drawn for considerable areas now wanting it; that heavier and more valuable crops would thus be secured and the assets improved. And it has been argued that, if a permanent settlement be held back because of possible improvement from canal irrigation, it should equally be so here.

The cases, however, are entirely different. In canal irrigation the benefit is brought to the proprietor at little or no expense of capital and labour on his part. It is reasonable, therefore, that just as provision is made for taxing any addition of area from alluvial increment, so provision should be made for laying under contribution an increase of produce equally arising from causes independent of the proprietor.

Moreover, it was with the very object of stimulating proprietors to expend labour and capital in the construction of wells and such-like improvements, that the boon of a permanent settlement has been offered. If we are to wait indefinitely till every estate has reached or

nearly reached its maximum powers of production, the avowed reasons on which the measure has been determined will be materially affected. Capital will not be expended on improvements, the fruit of which is to be swept into the Imperial treasury. It is by guaranteeing the benefits from the increased application of capital, skill, and labour to the proprietor that great and rapid improvement is anticipated.

Settlement Officers are, therefore, not to decline a permanent settlement to an estate that is otherwise up to the standard, simply because it is backward in the matter of wells or other requisites of high agriculture.

Neither are they to be influenced by any expectation of a future rise of rent. No doubt the tendency of rent will be to rise; but this contingency has been fully taken into account in striking the balance between the advantages of a permanent and a temporary settlement, and the judgment has been deliberately arrived at that the settlement shall nevertheless be perpetual. It has been indeed avowed by the Viceroy, as one of the arguments in favour of the measure, that the incidence of the land revenue, which, in His Excellency's opinion, is now quite sufficiently high, would eventually become under such influences lighter. We are taking in our present settlements a clear proportion of 55 per cent. of the assets; and when in addition to this the various village and incidental expenses and risks are borne in mind, the wisdom of the above view will hardly be disputed.

I am speaking of course of arguments based on the general rise of rent. Where the rents of individual villages are found to be below the prevailing rates of the pargunah or vicinity, there the case must be decided upon its own merits. I have adverted to the subject in my Minute on the settlement of Mozufernugger. If there be no sufficient reason for the difference, then the settlement should ordinarily be concluded upon an adequate estimate of what the rental should be, only great care will be necessary that the proceeding is based upon clear and undoubted evidence. And here, as in all other questions of the kind, the doubt must be given, as far as may be reasonable, in favour of the people. But if from this or any other cause the Settlement Officer feels that he cannot assess a demand adequate and sufficient with reference to the prevailing scale of rent, it will be his duty to notice the circumstance and to recommend that, although in all other points the estate meets the requirements of the standing rules for a permanent settlement, yet he has been forced to admit a lower assessment. It will then be for the consideration of the Board and Government, on a review of the causes of the inadequacy, to determine whether the settlement shall be permanent or temporary.

I have thought that the time is opportune for recalling the attention of officers engaged in settlement to these principles, and I am fully assured that the Government may implicitly look to all engaged in this great work that they will fully and loyally carry them into effect.

No. 50.]

No. 63A., dated Camp, Bab, the 12th January 1870.

From—R. SIMPSON, Esq., Secretary to the Government of the North-Western Provinces,
To—The Secretary to the Government of India, Home Department.

I AM directed to forward, for the consideration of His Excellency the Governor General in Council, the papers noted on the margin, having reference to the settlement of the Boelundshuhur District, which by inadvertence were not sent to you from Allahabad.

Minute by the Honourable the Lieutenant-Governor, dated 14th December 1869, on the land revenue settlement of Boelundshuhur.

Minute (Confidential) on proceedings for revision of settlement in Boelundshuhur, dated 28th May 1868.

Resolution (Confidential), dated 7th May 1869. (Not printed.)

Minute on the rates of assessment for Pergunnah Baghput, Zillah Meerut, dated 13th February 1869. (*Vide* pages 123 to 125 above.)

Report by Mr. C. Daniell, dated 24th July 1869. (Not printed.)

Minute by the Board of Revenue, dated 20th September 1869 (Not printed.)

Demi-official letter from Mr. R. G. Currie, dated 22nd November 1869. (Not printed.)

Letter (Confidential) No. 463A., dated 28th December 1869, to Secretary to the Board of Revenue, North-Western Provinces. (Not printed.)

2. I am to solicit the early orders of His Excellency in Council on the questions discussed in the Lieutenant-Governor's Minute.

Annexure I to No. 50.

Minute dated 14th December 1869, by the HONOURABLE SIR W. MUIR, Lieutenant-Governor of the North-Western Provinces, on the Land Revenue Settlement of Boelundshuhur.

Read the following papers:—

Sudder Board of Revenue, North-Western Provinces, No. 1215, dated 5th November 1869.

Minute (Confidential) on proceedings for revision of settlement in Boelundshuhur, dated 28th May 1868.

Resolution (Confidential), dated 7th May 1869.

Minute on the rates of assessment for Pergunnah Baghput, Zillah Meerut, dated 13th February 1869.

Report by Mr. C. Daniell, dated 6th September 1869.

Minute by the Board of Revenue, dated 20th September 1869.

Demi-official letter from Mr. R. G. Currie, dated 22nd November 1869.

This settlement, begun in 1858, was completed in 1865, in which year Mr. R. G. Currie revised the revenue in accordance with the first condition for permanent settlement prescribed by Her Majesty's Government (24th March 1865), *viz.*, that 80 per cent. of the area must be under cultivation.

2. In 1867, Sir Stafford Northcote affirmed finally the second condition (originally laid down by Earl de Grey, 17th March 1866), excluding from permanent settlement estates the assets of which are likely to be increased by 20 per cent. within the next twenty years. Accordingly, in February 1868, Mr. Cairns Daniell commenced a second review of the settlement, so as to bring it into conformity with this condition.

3. Shortly after my assumption of the administration of these provinces, I took an early opportunity of visiting the Meerut Division, chiefly with the view of observing upon the spot the manner in which this review was being conducted in the several districts in which it had become necessary.

4. On that occasion I found reason to question the sufficiency of the revised assessment

* Minute, dated 26th May 1868.

of Možuffernagger,* and arrangements are now in progress for its revision.

5. On somewhat similar (though less definite) grounds, doubts arose as to the adequacy

† See Minute (Confidential) of that date.

of the revenue assessed on Boolandshulur; and

Mr. Daniell "to enlarge his commission, and to require that he should make a general inquiry into the sufficiency of the assessment." The grounds of suspicion being still vague, and the necessity of revision uncertain, the instructions were treated as confidential.

6. In April following, Mr. Daniell submitted in person the result of his inquiries so far as they had then gone. Although extending over only a portion of the district, the data were held sufficient to warrant an opinion on the question at issue, and a decision as to the general course to be pursued. The presumption appeared established that the assessment was not fit for a perpetual settlement; but it was still a question whether there should be an immediate revision, or whether the assessment should not rather be confirmed for twenty or thirty years.

7. On these and other points Mr. Daniell was required to furnish a report,‡ and the points

‡ Resolution (Confidential), dated 7th May 1869.

chiefly requiring attention, with suggestions for their treatment, were laid down for his guidance.

8. Questions of the greatest moment are raised by the report now submitted,§ and it

§ Dated the 6th September 1869.

becomes necessary to lay the whole case before the

Governor General in Council.

9. I would premise that the present is not a regular settlement report. The original

¶ By Messrs. C. Currie, G. H. Freeling, settlement reports || being in the press are not W. H. Lowe, and R. G. Currie. before me. But enough is now submitted, I believe, to enable Government to determine the general course proper to be taken in reference to this settlement.

10. The investigation held by Mr. Daniell has been chiefly in two pargunnahs, one open to canal irrigation, the other not. The year of enquiry (1867-68) was remarkably favourable in its fall of rain, and the area under canal irrigation was in consequence less by a sixth than that recorded at the original settlement. In the other pargannah irrigation had increased about 20 per cent. by the sinking of temporary wells, but of the entire cultivated area there was an increase of only 2 per cent.

11. In these two pargunnahs the recorded or acknowledged rental was found to have increased by 19 per cent., and a full rental, according to Mr. Daniell's estimate of rent-rates, would give an increase of 26 per cent. in the proper rental over that assumed at the settlement as the basis of assessment. But this latter calculation is based on theory not altogether admitted by Mr. Currie, who holds that the moderation of his rates was counterbalanced by an enhanced classification of soils, a portion of the inferior being treated as superior.

12. Mr. Daniell finds his conclusions sustained generally by further examination in other quarters, and of the estates looked into, he has selected 78 in which the discrepancy between the demand and the rental is most glaring—the jumma being only 36 per cent. (omitting cesses) of the rental, and the rental being 28 per cent. in excess of that estimated at the settlement.

13. Applying to the whole district the lesson learned from a part, Mr. Daniell is of opinion that if a new settlement were now made, about two-thirds might be susceptible of increase, and that the revenue if now revised might thus be raised to £18,000. Before settlement the demand on the whole district was £105,683; by the new settlement it stands at £123,353. Mr. Daniell thinks it could now be increased to £141,353.

14. The Board of Revenue estimate the possible increase at something less, or say £17,000.

15. Mr. R. Currie has impugned some of Mr. Daniell's strictures, ¶ but his remarks tend rather to assert the sufficiency of his assessments in reference to the assets and data existing at the time of the settlement, than to assert their sufficiency in reference to present data and assets.

¶ Mr. R. Currie's demi-official letter on Mr. Daniell's report is appended to these proceedings. I deemed it proper to give him an opportunity of explanation, but at the same time am averse to further discussion, which, under the circumstances, tends to become personal. Mr. Currie's present letter is purely demi-official, but it sufficiently indi-
written a more elaborate explanation.

16. It may, therefore, be assumed that if a settlement were now to be made in reference to present rentals and the evidence now available as to assets, there would in all probability be an increase of about a lakh and three-quarters of rupees, more or less, i.e., about 14 per cent., on the revised jumma.

17. Mr. Daniell has carefully traced and endeavoured to explain the causes of the real or apparent inadequacy of the assets at the time of settlement.

First, he thinks that the jummabundees or rent-rolls, filed by the proprietors, were too much relied on. Mr. Currie does not admit that they were.

Next, he believes that holdings cultivated by the proprietors were estimated at an inadequate rental. Mr. Currie contests this conclusion also.

Third (and in this there is no ground of doubt), rents have largely risen.

18. Mr. Currie, indeed, thinks that some portion of the increased assets of Mr. Daniell's test year is due to the extreme fertility of the season; wherever rents are taken in kind, the proprietor's share of the produce being above the average of ordinary years. But however this may have been the case, the enhancement of money rents is patent and unquestioned. The causes are not far to seek.

Some small portion may be set down to agricultural improvements, but evidently not much; the increase of cultivated area or well irrigation would account but for a limited part of the increased rental.

Second, there is the general tendency of rent to rise, owing to the advance in prices, stimulated also by the completion of a new assessment. It is surmised that when the settlement has been finally confirmed, a still further movement in this direction may be expected. It must not be lost sight of that the general prevalence of rents in kind, at customary shares by division or valuation, has had a tendency to stereotype rates and to prevent the rise of money rents; and this was no doubt a potent cause of long depression of the rates of rent which prevailed in this district, notwithstanding its populousness, prosperity, and situation in the high lines of commerce.

19. Moreover, as pointed out by Mr. Currie, the conversion of money rents into rents in kind—an operation largely carried out by that officer—was a matter of great difficulty, especially in tracts where no money standard existed. The operation was generally managed by consent of parties, and the cultivator had to be conciliated as well as the proprietors. The standard assumed was probably even at the time low, and with the increasing tendency of rent to rise, it is not to be wondered that proprietors have since been able to raise the rents settled by Mr. Currie.

20. It may then be assumed that the difference between the assets, as estimated by the Settlement Officers and the assets as now found, arises mainly from an actual rise in rent; and such being the case, the several Settlement Officers are exonerated from negligence and in-

* Messrs. Charles and Robert Currie, Mr. G. H. Freeling and Mr. W. H. Lowe (the two latter deceased).
difference to the interests of Government. Indeed, their very names* preclude the supposition, all having been men of eminent ability and devotion to their work.

21. And before proceeding to consider what course is now proper to be pursued, it may be remarked that Settlement Officers, under the system of property prevailing in Northern India, must frame their assessments on the prevailing standard of rent. They are, indeed, bound in estimating the value of an estate to extend their enquiries in every direction, and to take into their account "the character of the people, the style of cultivation, the capability of

† Paragraph 53, *et seq.*, of Directions to Settlement Officers. improvement, the state of the market for produce, etc."† What Mr. Daniell styles "the imminent probability of immediate improvement" should form, and does in point of fact form, an element in the Settlement Officer's calculations, that is, expected improvement in the productive powers and value of an estate. But that is quite a different matter from basing an enhancement of demand on the theoretical basis of an expected general rise of rent. The measure of anticipated enhancement, or the certainty of any enhancement at all within any definite period, must, under such circumstances, rest on mere hypothesis; and such assessment upon speculative assets might seriously depress and injure the proprietary interest. It would, therefore, be dangerous to allow the assessing officer to leave the hard ground of current standard rents, and, speculating on an expected enhancement, to rate his assessments upon such expectation. There may, indeed, be cases (like that of Baghpat, in the district of Meerut, already submitted to the Supreme Government) where the rates over limited tracts are, without any sufficient reason, lower than in adjacent places; and there the settlement may safely be made on an anticipated rise—a proceeding justified by the consideration that the current rents are actually below prevailing rates. But where over a whole district or large extent of country certain rates prevail, these must be held the prevailing rates, and their result the rental or "net assets" which form the basis of the Settlement Officer's assessment. And under ordinary circumstances (where at any rate a revision of assessment is not in immediate prospect), proprietors may be trusted from their self-interest to raise the rates as high as cultivating profits, limited by custom, will admit.

22. I am not prepared to say that the assessment of Boolundshahr, even on the data available at the formation of the settlement, might not have been pitched somewhat higher without any departure from the system under which our settlements are framed; but supposing some inadequacy of this nature to have existed, it would not have assumed dimensions suffi-

orient probably to call the settlement in question, excepting for the intermediate rise in the rates of rent.

23. It remains now to consider what course is proper to be pursued in reference to this settlement.

24. The district is one the greater part of which, under the conditions promulgated by Her Majesty's Government, is open to settlement in perpetuity; that is to say, it is so advanced in cultivation, and developed as to canal irrigation, that the greater part of the estates answers the first rule of having four-fifths of their area under cultivation; and also the second, of there being no prospect of improvement by canal irrigation over 20 per cent. of present income.

25. It is very evident, however, that the demand now assessed, whether adequate or not at the time the settlement was made, could not possibly be confirmed in perpetuity. The Government is prepared for a certain prospective loss in consideration of a permanent settlement, and to forego its share of the future increased assets which, it may be presumed, will be in great measure due to the capital and labour invested on the faith of a demand limited in perpetuity. In short, Her Majesty's Government have held out the prospect of a permanent settlement to the people of these provinces, but only at an adequate and fully assessed revenue. In the present case none of these considerations present themselves. Even supposing the demand to have been at first correctly framed on "existing assets," those assets (or rather the produce on which they are based) have not improved, or improved only in a very small degree. The fact is that the share of the cultivator, according to the usage of the district at the time of settlement, was too large, and the share of the proprietor (*i.e.*, the rent) too low. The rental has thus risen in consequence of previous inadequacy, partly also because of continuing rise in prices, but not because of the expenditure of labour and capital under the prospect of a permanent settlement. It is clear, therefore, that this assessment cannot be settled in perpetuity. There is no ground that could be urged in consonance with the spirit of a permanent settlement that would warrant the relinquishment of the 14 per cent. additional, which it is strongly to be presumed the district might at the present moment bear.

26. The question next arises whether (1) the settlement should be set aside and a more adequate one made of the whole district; or whether (2) a partial revision of the estates most inadequately assessed should be made; or (3) whether the present settlement should not be confirmed for a term of years, either thirty years, the term originally proposed, or any shorter period.

27. Against a completely new settlement, so far as its suitability for confirmation in perpetuity is concerned, there is this to be said that, from what has occurred since the formation of the present settlement, it may be assumed that the district as regards rent is in a transition state. If a new settlement were at the present moment made fully equal to the "existing assets," that is, to the rental now collected by the proprietors, in a few years what has occurred would be again repeated. The rental (apart from all expenditure of labour and capital) will have by that time increased largely; and if a permanent settlement were now made, a loss would be sustained of a nature and from causes not contemplated by Government in laying down the principles of a permanent settlement. But there is reason to anticipate that in the course of a few years the upward movement of rent now begun will have extended over the whole district and completed itself; that is to say, that proprietors emancipated from the conservative influence of rent in kind will have pushed their standard of rent as high as the tenantry will bear it, and that future enhancement afterwards will depend mainly on improvement from expenditure of labour and capital or rise in prices. The permanent settlement might then be introduced without any departure from the spirit in which it has been conceived and promised.

28. In reference to the Doab generally, there is also this additional consideration, that the final distribution of the water of the Ganges Canal is yet unsettled; and although under the new canal system it is probable that there will be a provision for adjusting the proprietary rate of revenue demand to the variations of canal irrigation, yet such adjustment would but partially reach the profits from irrigation; and it would on all accounts be better if the permanent settlement could be deferred until the system of canal distribution were complete. On all these grounds I believe that it would not be expedient, at the present moment, to make a new settlement of Boolundshahr with a view to perpetuity.

29. And similar grounds exist against making a new settlement for a term of years.

There are also these considerations:

Settlement proceedings have, in consequence of the repeated change of rules in reference to the permanent settlement, been now in operation, more or less, for ten years in this district. The uncertainty consequent on this state of things cannot but have kept people's minds in a most unsettled state, and prevented their devoting themselves, in the certainty of reaping the results, to the improvement of their lands by the investment of labour and capital. Any revision of settlement which would prolong this harassing condition is much to be deprecated. It is most desirable that this long period of excitement and doubt should be brought to a close, and energy and application of capital and labour again fostered by the confirmation of the settlement.

30. A further reason, though not an imperative or conclusive one, is that the assessment has now been allowed to stand for so many years that expectations have been raised as to its permanency at least for the original term of thirty years for which it was at first proposed. It is true that on two separate occasions re-settlement inquiries have been set on foot; but these have been avowedly with the view not to questioning the assessments, but rather of fitting

39. How far this condition will affect the claim of other settlements in these Provinces to be made permanent, I am unable at present to say. It may, perhaps, be possible to lay down some standard of average rates below which no settlement shall be confirmed in perpetuity. Certainly, judged by this standard, the rates of the Meerut Division generally would appear inadequate, being greatly below those of Furruckabad, a district possessing no special advantages over it. The subject will be com-

	RATES OF			
	OLD ASSESSMENT.		REVISED ASSESSMENT.	
	Culturable.	Cultivated.	Culturable.	Cultivated.
	R a. p.	R a. p.	R a. p.	R a. p.
Saharanpore . . .	1 3 9	1 8 4	1 5 7	1 11 1
Mozuffernugger . . .	1 5 6	1 10 10	1 5 1	1 11 6
Meerut . . .	1 6 7	1 11 11	1 10 9	2 1 1
Boolundshuhur . . .	1 3 8	1 7 8	1 3 8	1 10 3
Furruckabad . . .	1 8 8	2 0 3	1 11 11	2 11 4

meuded to the consideration of the Revenue Board.

40. It might also meet some of the objections currently urged against a permanent settlement, without affecting the virtue of the principle, if power were reserved at any future period after the lapse of say thirty or fifty years, on its being proved that the price of agricultural produce had increased since the settlement by more than say 10 per cent., to make a rateable enhancement of the revenue. If such power were exercised only by the Legislature, or by ordinance of the Governor General in Council, the confidence of the people in the perpetuity of a demand, liable only to rateable increase under certain known conditions, would not be impaired. If care is taken that no settlement be confirmed in perpetuity unless upon adequate rates of rent, and with such a condition as to rateable increase in proportion to increase of prices, the sacrifice of revenue would be mainly limited to what is legitimate, namely, the relinquishment of a share in the profits hereafter created by the investment of labour and capital.

41. Other matters in connection with this settlement will be taken up in correspondence with the Board. The present remarks are confined to what is necessary to bring the question for decision by the Right Honourable the Governor General in Council fully before the Supreme Government.

42. And early orders are solicited from His Excellency.

Annexure II to No. 50.

[CONFIDENTIAL.]

Minute, dated Allahabad, the 28th May 1868 by the HONOURABLE SIR W. MUIR, Lieutenant-Governor, North-Western Provinces, regarding the Proceedings for Revision of Settlement in Boolundshuhur.

Mr. DANIELL drew out the accompanying rough memorandum of points provisionally settled at the Conference held at Boolundshuhur on my late visit to that station. A copy will be sent to the Board for information.

2. The work is proceeding in accordance with existing instructions, and the estimate of lands open to future irrigation appears to be supplied, as well as the circumstances admit, by Lieutenant Marindin. It is, after all, only an approximate estimate that can be given; but in any special case of doubt, the Collector was instructed to refer again to the Canal Officer, who in that event is prepared to go into the irrigational capabilities of the estate in full detail, or in reference to any particular point of inquiry.

3. Nothing further than this would have been necessary. But the evidence subsequently brought to light in respect of the inadequacy of the assessment of some parts of Mozuffer-nugger suggests the doubt whether the same may not possibly be the case in Boolundshuhur. On the one hand, the prevalence of money rates in Boolundshuhur afforded the Settlement Officer a more sure criterion of the assets, and rendered the chances of inadequate assessment less than in Mozuffer-nugger. On the other hand, Mr. Forbes, who, as Collector of the adjoining district of Meerut, every way similarly situated to Boolundshuhur, is in the best possible position, both from personal observation and from hearing the views of the people, to form an *outside* opinion, stated his general impression that Boolundshuhur was to some extent inadequately assessed. Too much stress must not, of course, be set upon opinions of this nature; but coming from the source they do, it is sufficient ground to pause and at least to adopt opportunities which at present offer for further inquiry.

4. Land has been selling at extravagant prices in Boolundshuhur; but though this is undoubtedly evidence generally of the profitable and popular character of the proprietorship of land in this district, I would not put too much stress on individual cases where the prices may have been run up by special causes unconnected with any peculiar lightness of assessment.

5. Mr. Daniell is at present restricted to a review of the settlement engagements in reference to the late orders of the Secretary of State on the subject of canal irrigation. He is further authorized to take up any glaring cases of inadequate assessment which may come to his notice in the course of his proceedings for the foregoing purpose; but he is not required or authorized to institute general inquiries into the adequacy of the assessment.

6. I think that, with reference to the foregoing remarks, it will be expedient to enlarge his commission and to require that he should make a general inquisition into the sufficiency of the assessment. I would not, however, hold him responsible for inquiring into the assets of

every estate. I would rather lay down that he should look,—*Firstly*, to the general indication furnished by the pressure of average rates on particular tracts as indicative of lightness or heaviness of incidence; and, *Secondly*, to cases illustrative of over-assessment or otherwise, which, in his every day work and in his other settlement proceedings connected with irrigation, will be brought to his view and that of Mr. Robertson; and that he should, as occasion offers, extend his inquiries, more especially in any quarter where the indications may be significant of undue lightness.

7. As several years have now elapsed since the assessment was fixed, large opportunities are no doubt available for the ascertainment of actual assets, and I see no reason why these should not be availed of in this inquiry.

8. I would not, however, subject to any inquisition, with the view of enhancement, improvements, and consequent increase of assets, created since the new settlement. Capital and labour have been expended on the implied faith of that settlement, and it would have a bad effect now to interpose and revise the assessment, *simply* because of improvements made intermediately. But the fact of such improvements having taken place, and as therefore indicative of a degree of improbability not suspected by the Settlement Officer, might not unfairly be used as a reason for not conceding a permanent settlement at the jumma now proved inadequate.

9. As in the case of Mozuffernugger, I would add that it is not the object in view to take up cases where the supposed inadequacy is of trifling amount. It would clearly be inexpedient for any unimportant and petty sums to disturb a settlement already completed by the District Officer.

10. In all his proceedings it is also of the first moment that the revising officer should study moderation, and, in case of doubt, give the doubt in favour of the zemindars.

11. I have every confidence in the judgment and capacity of Mr. Daniell for this work, and he has the aid of an able assistant in Mr. Robertson.

12. It might be advisable for Mr. Daniell to visit Mr. Forbes, and have in personal conference the benefit of his large experience in this question.

13. The contingency discussed in the present paper is still uncertain, and the views set forth are based on assumptions confessedly vague. It will, I think, therefore be proper at this stage of the matter to treat the present instructions as confidential, and not to disturb the minds of the landholders by making public possible intentions which it may after all not be found necessary to act upon.

No. 51.]

No. 113-B, dated Camp, Amsote, the 23rd March 1870.

From—F. HENVEY, Esq., Offg. Secy. to the Govt. of the N.-W. Provinces, Revenue Dept.,
To—The Secretary to the Government of India, Home Department.

Minute by His Honour the Lieutenant-Governor on the land revenue settlement of Boolundshuhur, dated 19th March 1870.

Notes on Mr. Robertson's proposal by Mr. J. Inglis, Senior Member of the Board of Revenue, North-Western Provinces, dated 21st and 15th February 1870. (Not printed.)

Note by Mr. H. S. Reid, Junior Member of the Board of Revenue, North-Western Provinces, dated 11th March 1870. (Not printed.)

Memorandum by Mr. J. G. Robertson, Settlement Officer of Boolundshuhur, dated 15th February 1870. (Not printed.)

IN continuation of this office letter No. 63A., dated 12th January last, I am directed to forward, for the consideration of the Right Honourable the Governor General in Council, a copy of the papers noted on the margin, having reference to the settlement of the Boolundshuhur District, and to request that His Excellency in Council may be solicited to issue early instructions on the question submitted in His Honour's Minute of the 14th December last, copy of which was forwarded with the above communication.

No. 114B.

COPY, with copy of His Honour's Minute, forwarded for the information of the Board, in reply to their Secretary's docket No. 241, dated 3rd instant.

Annexure I to No. 51.

Minute, dated 19th March 1870, by the HONOURABLE SIR W. MUIR, Lieutenant-Governor of the North-Western Provinces, on the Land Revenue Settlement of Boolundshuhur.

* Vide annexure to Paper No. 50. As proposed in paragraph 33 of my Minute* on the settlement of Boolundshuhur, dated the 14th December last, I entered further upon the question while marching through the district. Papers by Mr. J. G. Robertson, the revising officer, and by the Members of the Board, are recorded with this Minute; and these, as well as the result of my own further inquiry and deliberation, tend to confirm the views and opinions expressed in the above-quoted Minute.

2. The point specially reserved for consideration was whether there might not be exceptional cases of marked under-assessment where enhancement was justified. I think it has been satisfactorily shown that (excepting the confiscated estate of Jarcha) there are not any such. There seems no reason to doubt that the assessments were framed adequately, under the recognized principles of settlement, at the time when they were determined, and provisional engagements entered into with the proprietors. The disproportion of the present assets to the assessment is mainly due, as set forth in my former Minute, to the great and sudden

rise in rents. Therefore, under the principles there explained, I am of opinion that the Government is bound to accept and ratify the settlement.

3. I should now have proceeded to act upon this view, and to pass final orders upon the settlement; but, as already explained, this cannot be done until the question of a permanent assessment in the case of estates coming up to the standard laid down by Her Majesty's Government has been definitely settled. That question is now before the Governor General in Council as submitted with the above Minute, in the Secretary's letter No. 63A., dated 12th January last. A copy of this Minute, and of the accompanying papers, should now be submitted in continuation, with the request that early orders may be issued.

4. In respect of the estates in which a somewhat higher permanent jumma was substituted for the temporary one on condition that the proprietor accepted a settlement in perpetuity, it will be necessary, on the principles justly advanced by the Board, to revert to the original assessment. On the other hand, for those estates of which Mr. Currie lowered the assessments originally fixed, I think that the original assessments, which it now appears there was no just ground for disturbing, may be reverted to: and this measure will more than counterbalance the loss arising from the former measure.

5. I have already directed that the municipal cess for village police be at once introduced, and I purpose also to make it a stipulation in confirming the settlement that the road cess be subject to be doubled. This question is also before the Governor General in Council in the Despatch of this (Confidential) No. 100B., dated 17th instant.

No. 52.] *Minute, dated 26th September 1870, by the HONOURABLE SIR JOHN STRACHEY,
Member of the Supreme Council.*

[Permanent Settlement of the North-Western Provinces.]

The questions which have been referred to the Government of India in connection with the settlements of Beolundshuhur and Baghpur have been separately considered and disposed of, and the reasons have been stated which appear completely to establish the justice of Sir William Muir's conclusion, that "the two conditions enjoined by Her Majesty's Government for a permanent settlement are not sufficient."

It is remarkable that, during the long-continued and voluminous discussions which have taken place, the facts which the settlements of Beolundshuhur and Baghpur have now brought to light were, so far as I can ascertain, never referred to. Yet these facts are now declared by Sir William Muir, who took so prominent a part in those discussions, and who is perhaps the highest living authority on the subject of the existing revenue system of the North-Western Provinces, to be fatal to the scheme of a permanent settlement in the shape in which it has received the sanction of Her Majesty's Government. We could hardly find a better example to show the imperfection of our present knowledge, or a better proof of the necessity of extreme caution, when we attempt to solve a problem of which the conditions are so complicated; which depends so greatly on future circumstances which cannot now be foreseen; and of which, if the solution be mistaken, the consequences may be ruinous. It is to be hoped that this will not be forgotten in the future consideration of this subject, and that all hasty conclusions will be avoided. I wish, therefore, that the remarks which I am now about to make, in regard to one of the questions which must come under inquiry, should be merely looked upon as a contribution to the discussion and not as the expression of a final opinion in regard to the course which ought to be actually adopted by the Government.

2. The suggestion has been made at various times and by various authorities, that a permanent settlement of the land revenue should be made, not upon the basis of a fixed money assessment, but on the basis of the value of a fixed quantity of produce, which value would be adjusted from time to time, according to the average prices which prevailed.*

I have long believed that, if a permanent settlement can rightly be made at all, some such principle as this is the only one on which it could reasonably be based. It is, in fact, the only principle on which a permanent settlement which deserves the name is possible, for there is nothing really permanent in an assessment fixed in money the value of which goes on steadily diminishing or changing. It is also the only principle by which, while leaving to the occupant of the land the benefit of his own improvements, it would be possible, in a great measure, to retain the right of the State to share in that improvement in the value of the land which is due to causes of a general character, with which the occupant has had no concern.

It may be useful if I give a summary of the discussions that have taken place on this subject, so far as they have come under my notice.

Of these, the principal have been with reference to settlements in Madras. I believe

* Such a system would, I believe, be no novelty in India, for it was, to some extent, adopted by the great Akbar. I can say nothing about Akbar's system from my own knowledge, but I quote the following account of it from a paper by Mr. H. G. Keene, who has paid much attention to those subjects, and who has, for many years, advocated the adoption of this principle of assessment. His first proceeding was to determine the quantity and value of the assets of the land: "He adopted a sound system for the measurement and for the classification of the cultivable land in each estate. He then limited the estate's demand to the not very light proportion of one-third of the gross produce, which he proceeded to commute into a money-payment on an average of prices for the past nineteen years. This commutation was to be reconsidered every ten years, and was to be only obligatory as regards what might be called garden crops. Of the cereals, every occupant was at liberty to tender one-third in kind, if he thought the official valuation too high."

that this question has been mooted, from time to time, in that Presidency for many years past; but I have not seen any papers of an earlier date than the year 1861.

3. In a despatch from the Government of Madras to the Government of India, No. 241, dated the 8th February 1862, it was stated that "His Excellency the Governor is favourable to the imposition of a permanent grain-rent, but would reserve to Government the power of periodically determining the value of that rent, if at any future time a material alteration in the value of money should render such a measure expedient." In a valuable Minute forwarded with that despatch, and dated the 12th November 1861, the Governor of Madras, Sir William Denison, made the following remarks :—

I would observe that before any permanent settlement could be made, it would be necessary that the Government should decide, once for all, what proportion the assessment or rent should bear to the produce of the land either gross or net.

Assuming, however, that all these preliminary steps have been taken, and that the assessment on the ryot is fair and reasonable, there is yet an important point to consider; one indeed most important with relation to the proposed perpetual settlement, and that is, in what commodity shall this rent or assessment be payable, or in other words, shall the tenant or ryot pay a corn or a money-rent? In paragraph 64 of his report, Colonel Baird Smith talks of the rent as the portion of the net produce hitherto appropriated as Government revenue, which he puts at 50 per cent. of the net produce; but in discussing the question of fixity of the public demand, he evidently applies this fixity, not to the proportion of the crop, or its estimated amount in measures or weight of grain, but to the existing money-value, which, looking to the very marked change which has taken place in the value of money during the last few years, represents a much smaller proportion of the crop. The effect of adopting the existing money-value of the crop as the basis of the perpetual settlement, would be to place the tenant in a position to which he has no claim. I assume that a revision has been made of the assessment, that everything has been done which could be expected from the best landlord; under such circumstances, the tenant can have no right to the collateral advantages which spring out of the gradual cheapening of money or the alteration of the relation existing between it and produce of various kinds. This is the landlord's fair due, and, indeed, it is the only means by which he can manage to escape the difficulties arising out of the fixed character of the payments made to him, and the ever varying but steadily increasing price of labour and other commodities.

It would be most unwise to sacrifice the revenue arising from a source so well-established, and so well understood by the people of India, as that of a land or produce assessment, upon the supposition that it may be possible to supply the deficit from other sources. While, then, I should not object to a reduction in the proportion of the crop taken as rent, to such an amount as would leave to the ryot a fair return for his labour and his capital, and while I should not object to make this proportion a perpetual charge on the land, I should altogether object to a proposal to place a money-value upon this proportion of the crop at existing prices, and to make the money-value the measure of the rent or assessment to be paid from henceforward.

The Members of the Madras Council did not concur with these views of Sir William Denison, but there is nothing in their remarks which need now be quoted.

When these papers were received by the Government of India, Sir William Denison's views were disapproved, but without much discussion. The objections to them were thus stated by Mr. Laing in a Minute dated the 7th April 1862 :—

We may, I think, begin by setting aside any idea of a grain settlement as a general measure. There is no grain which, like wheat in England, affords a tolerably uniform and accurate measure of the value of 'money' as measured in 'commodities.' Wheat does so in England very imperfectly, for a thousand different causes affect the range of price over a long period, as well as the mere supply of the precious metals. But in India, one district consumes wheat, another rice, another dali or some of the many forms of pulse of which we hardly know the names; and the accidents of a wet or dry season, the want of communications throughout such a vast country, and other circumstances, cause enormous fluctuations, often of hundreds per cent., in the market price of grain between one year or district and another. I am satisfied, therefore, that Mr. Maltby is quite right in saying that any form of grain-rent would utterly fail to give that security which is the great object of having a settlement at all; and that a fixed money-rent, even for a comparatively short period, would be preferable.

It may be observed, with regard to these remarks by Mr. Laing, that he apparently wrote under the mistaken impression that an annual commutation of the corn-rent into money had been proposed. Sir William Denison not only had no such intention, but the adoption of such a plan would have completely frustrated the objects which he had in view.

4. In 1868, the Madras Government, in forwarding to the Secretary of State their proceedings regarding the revision of the assessment of the Salem District, reopened this question, and proposed that "the grain assessments under the revision of the land tax now in progress may be declared to be permanent, and the money rates changed, if thought advisable by the Government of the day, every thirty years."

The Secretary of State replied to this proposal on the 8th April 1869, as follows :—

I find that since 1856 the question of declaring the grain assessments permanent has frequently been referred for the decision of the authorities in this country, and it has been decided, both by the Court of Directors and by the Secretaries of State, that the settlements should be a money assessment founded upon due consideration of all the circumstances of the districts, and revised after a term of years, and that your Government, so far back as 1858, directed the issue of a notification to this effect. Her Majesty's Government must adhere to that decision, nor do they see, as Your Excellency in Council seems to do, in the despatches addressed to the Government of India in and from 1862 to the present time, on the general question of permanent settlement throughout India, anything inconsistent with this view. It seems to me impossible to read paragraphs 66, 67, 69, and 70 of the Despatch of the 9th of July 1862, some of which are quoted by your Government, without being impressed with the conviction that it was thought highly improbable that either your Presidency or that of Bombay, but particularly the former, should be brought, or at all events not for many years to come, within the terms under which alone it was permissible to confer a permanent settlement upon the landowners. Your Excellency in Council distinctly states, in the despatch now before me, that 'the time is probably still very distant when any measure limiting the maximum amount of the Government revenue, under the conditions laid down, could be adopted without serious injury to the interests of the community and of the State as representing the community, or with any real benefit to small sections of the community or to individuals,' and it certainly is not the desire of Her Majesty's Government to force on any immature concession

of this nature. They concur with you in the expediency, and, indeed, the necessity, of keeping in the hands of the Government such a legitimate source from which to supply the increasing wants of the State for the benefit of the people, as the extension of cultivation among waste-lands. They are also happy to agree with your Government in opinion that, under the principles of the revised settlement now in progress for adjusting the assessment and fixing it for a term of years, the share taken by the Government is kept within limits which are perfectly equitable to the cultivator. But they are unable to see that it is therefore necessary to make a declaration to the landholders that the grain assessments are to be permanent. On the contrary, they feel themselves precluded, for the same reasons which Your Excellency in Council has urged in your 18th paragraph for retaining the waste-lands, from sanctioning the surrender of such a legitimate source of revenue as the Government share of the increased value which has been conferred on the land by improved administration, the construction of public works, especially works of irrigation and railways, together with the improved price of agricultural produce.

The Secretary of State added that he had no objection to apply to the Madras Presidency the conditions for a permanent settlement, laid down for the North-Western Provinces in Sir. Stafford Northcote's despatch of the 23rd March 1867, "should the conditions be found fulfilled at any of the stated periods for revising the settlement."

The Madras Government replied to the Secretary of State on the 30th September 1869, and requested him, in the following terms, to reconsider his decision on the question of declaring permanent the grain values arrived at during the revision of assessment:—

The proposal advocated by this Government, while securing many of the acknowledged advantages of a permanent money assessment, will be free from the principal objections to that measure. The political advantage of giving the occupiers of Government land a direct interest in the stability of our rule, by declaring that the actual quantity of the crop now taken by Government will never be increased, is considerable. Still greater would be the social advantage of providing a really popular and safe investment for the daily increasing wealth of the country; and though, under the existing system, the desire to become the possessor of land, which is very general among all classes, has had, and will have, the effect of inducing the investment of a certain amount of capital in its purchase, still it is difficult to believe that any large amount will ever be devoted to the improvement of land, so long as it is apprehended that after every period of thirty years the increased value which the land has attained by private outlay of this description, will be investigated, and the State demand upon it proportionally augmented. The heavy charge involved in a revision of the assessment every thirty years would also be obviated, as the expensive part of the process lies in the classification and investigation of the different soils, while the mere adjustment of the commutation-rate, which would be all that would be required were our proposals adopted, could be effected without any special establishment or prolonged local inquiries.

Again, the main argument against a permanent settlement of the land revenue—viz., that the State would be thus cut off from all participation in an expanding source of revenue, although the expenses of administration are unavoidably progressive—falls to the ground, if the permanency of the settlement be limited to the grain values. The State would, under the system recommended, still profit by all extensions of cultivation, and would share with the occupiers of land the increased value given to the land by that natural rise in prices which is usually attendant upon augmented local consumption, larger exports, and greater abundance of the circulating medium.

With advertence to the concluding sentence in paragraph 5 of your despatch, we submit that, however cogent the objections offered may be to a permanent money assessment, they can hardly be said to apply with equal force to our proposal, inasmuch as the Government share of the increased value which will be conferred upon land by improved administration, the construction of public works, etc., must almost invariably take the form of a higher price for the produce of the land. We consequently venture to question the policy of foregoing the general advantages attendant upon the measure proposed by us, for the doubtful and partial gain which might be obtained by a re-valuation every thirty years of the lands to which water has been newly applied as alluded to in paragraph 6 of your despatch.

This remonstrance was answered by the Secretary of State in his despatch to the Madras Government, dated the 17th March 1870. He said that he had again considered the question, but saw no sufficient reason for modifying his former decision.

"If," he said, "as you seem to believe, the ryots are unwilling to devote their labour and capital to the improvement of their lands, so long as it is apprehended that, after every period of thirty years, the increased value which the land has attained by private outlay of this description will be investigated, and the State demand upon it proportionally augmented, I have only to observe that it was never intended that the increased value which might be given to land by the application of private labour and capital should be taken into account in forming any new assessment, and it seems to me that it would be easy to dispel any such impression.

"It is to be explained to the ryots that when the general rate of a district may be altered, the demand will be regulated with reference to the intrinsic quality and position of the land, as compared with other land of similar natural soil and situation, and not with reference to any improvement which may have been effected by the ryot at his own cost."—Standing Orders of the Board of Revenue, 1865 to 1866, page 88.

Even if it exists, from their minds by adding to the proclamation notifying the confirmation of the settlement for a term of thirty years, and its liability to revision at the expiration of that period, some words equivalent to those contained in the circular orders quoted in the margin.

"Under this explanation, the last objection raised in your despatch would seem to disappear. There would be no necessity for any 'classification and investigation of the different soils' on the occasion of a new settlement. Any general causes of increase or decrease which might have come into operation since the previous settlement would have to be duly considered, and any necessary alterations might be made in the grain assessments by the addition or subtraction of a percentage on the recorded amounts. If no ground for change had arisen, the grain assessments, although no pledge would be given for their permanency, would remain unaltered."

5. The same question has been from time to time raised in this Presidency. It will be remembered that the system of making permanent settlements on this basis was advocated in the Report of the Commissioners appointed to inquire into the famine in Bengal and Orissa in 1866. In Mr. George Campbell's "Note on the Permanent Settlement of the Land Revenue," appended to that Report, and dated the 26th November 1867, he wrote as follows:—

It is to reconcile this slow growth of revenue with a rapidly increasing expenditure that the plan suggested by the Commission is recommended—that is, the fixing of the land revenue at determinate amounts, expressed in corn-rents and converted to money according of the average of a series of years.

The result of such a system would be that all the evils of re-settlements, and all fear of increase of the revenue demand on account of individual exertion and improvement, would be avoided; the revenue would be in one sense absolutely fixed; but on the other hand it would be liable to periodical re-adjustment with reference

to the changes in the relative value of money and the chief staples of production in each district, in exactly the same way as are the commuted tithes and other payments in England, and both tithes and rents in Scotland. The great change in prices, in wages, and in the value of money generally, which seems to be so imminent all over India, and which is the most immediate objection to permanent settlements effected at this particular period, would in this manner be guarded against. And while we should probably not secure quite so great an increase of revenue as if we were free, from time to time, to make re-settlements without check or limit, we should still have an increase proportioned to the general progress of the country and of the expenditure, and which would render it unnecessary too much to hasten the advance of new taxation.

The mode of determining and adjusting the average prices of each series of years is so well known by experience in England and Scotland, and is so analogous to that of current prices of the pargannah in the annual revenue adjustments of almost all Native States, that I need not enter into further particulars.

I may, however, add that the effect of recent decisions of the highest courts having been to place by far the most numerous class of subordinate holders on a footing similar to that proposed for the superior landholders—the ryots having a right of occupancy being liable to enhancement of rents in proportion as the market value of agricultural produce increases—the revenue paid to Government, and the source of that revenue would adjust themselves in a fitting manner on the same principles, and the machinery used for striking average prices for one purpose being available for the others also, would save much litigation, contention, and loss to all parties.

6. Sir William Muir, in paragraph 40 of his Minute of the 22nd December 1869, has referred to this question; and although he has not given any final opinion, it may be inferred that he decidedly inclines to the conclusion that the basis of a permanent settlement ought to be a grain and not a money assessment.*

7. Since this Minute was written, I have seen, in the Proceedings of the Punjab Government for June 1870, a memorandum by Sir Ronald McLeod, written about the time when he ceased to be Lieutenant-Governor, and in which he strongly advocates the adoption of a permanent settlement on the basis of a grain assessment. There is no one who is entitled to speak with higher authority on this subject, and I have appended a copy of his memorandum to this Minute.

8. I will add only a few words regarding the views which I am myself disposed to hold. In the Minute which has been quoted above, Sir William Denison observed that before any permanent settlement could be made, it would be necessary to determine the proportion which the Government assessment should bear to the gross or net produce of the land. This is, in fact, the same point which has been brought out so strongly by the experience that has now been gained in the North-Western Provinces.

If, as I have said elsewhere, a permanent settlement is to be allowed at all, a third condition appears essential, in addition to those laid down by Her Majesty's Government, namely, that the assessment shall not be less than 50 per cent. of the existing net assets of the land. I do not say of the existing rental, for this may be, and frequently is, something totally different.

If these three conditions be fulfilled, I am disposed to think that a permanent settlement on the basis of a grain assessment might be allowed without any serious sacrifice of future interests. The result would be, to some extent at least, that which it has always been the desire of the Government to obtain,—a system under which improvements made at the expense of the occupants of the land should lead to no increase in the demands of the State, while, on the other hand, the State would not lose the whole of the benefit derived by the land from improved administration, from the construction of great public works, and from the general progress of the country. Improvement of the latter kind is measured, with at least some approach to accuracy, by the increase in the average price of produce for a number of years.†

The decision of the Secretary of State in regard to permanent settlements in Madras does not appear to be inconsistent with the opinion that, under other circumstances than those

* Mr. Drummond, when Lieutenant-Governor of the North-Western Provinces, made the following remarks in a Minute written in 1864, but so far as I have been able to ascertain, he did not again refer to the subject, nor does it appear to have been considered by the Government of India:—"It was at one time my intention to suggest the propriety of fixing the assessment for the permanent settlement in grain instead of coin; that is, that the average rate of produce per acre of the principal descriptions of crop should constitute the standard of valuation, the cash equivalent for which should be regulated by the market value of the produce, liable to re-determination, say every twenty years. Such a provision would meet all objections founded upon variations in the value of the precious metals and of prices; but upon full consideration, I apprehend that it might lead to doubts as to the *bona fide* permanence of the assessment. It is, I think, an open question whether some such provision should not be admitted into the engagements of the ryots with their landholders."

† In regard to this part of the subject, I may quote the following remarks from a paper written by an accomplished officer of the Government, Mr. LePoer Wynne, who has had much experience of settlement operations in the North-Western Provinces. Advocating a permanent settlement on the basis of a grain assessment, how, he asks, independently of improvements derived from the extension of canal irrigation or from the expenditure of private capital, would any general cause of increase or decrease in the value of the land manifest itself, otherwise than by an increase or decrease in the price of produce:—"Why," he said, "hesitate to put in words what you have accepted in fact? As you have assured the people that you will not tax their improvements, why not complete your assurance by telling them that what you *will* tax will be the difference between average prices now and average prices hereafter? * * * Let it be considered how much is gained that it is desirable to gain, how much is avoided that it is expedient to avoid by the adoption of this small change. The State gains a revenue, the increase of which will correspond with that very rise of prices by which much of its increasing expenditure is caused. It gains a security for the loyalty of the landowners based on their sense of interest, and without the sacrifice involved in the attempt to gain this object by permanent settlement in its present form. And it avoids the heavy expense, and the temporary diversion of the services of its best officers, which temporary settlements cause. The landowners gain a security that their improvements will never be taxed, and that their contribution to State necessities will never depend on the discretion of any one man. They gain a power of disposing of their land at high prices, and they avoid the heavy contributions which they now pay at the recurrence of each re-settlement; and they escape the loss in low rents and poor cultivation, which they now, with the same object, willingly undergo for some time previously."

which prevail in that Presidency, a permanent settlement of the land revenue on the basis of a grain assessment might be desirable.

I understand the contention of the Secretary of State to have been substantially this,—that no permanent settlement of any kind, whether on a money or grain basis, was expedient in a country like Madras where certain preliminary and essential conditions had not been fulfilled.

Two such conditions are those which have been laid down by Her Majesty's Government in regard to the North-Western Provinces. It must be shown before any estate can receive a permanent settlement (*first*), that the area of cultivation has almost reached the maximum that is possible; and (*secondly*) that there is no probability that the existing assets will, within the next twenty years, be largely increased by the introduction of canal irrigation.

It being assumed that, under ordinary circumstances, these conditions are not fulfilled in Madras, it cannot, I think, be disputed that a permanent settlement of any kind would be inadmissible; for, whatever further conditions may be necessary, it appears clear that these two conditions cannot be dispensed with.

9. It may be noticed that the system which has been now referred to is similar in principle to that which has been adopted in England and Ireland under the Acts for the commutation of tithes.

"The chief object of these statutes" (I quote from Kerr's Blackstone, Vol. II, page 30) "is to substitute the payment of an annual rent of defined amount for the render of a tenth of the titheable produce of the land, or the payment of an arbitrary composition. To effect this, the gross amount of the annual sums to be payable by way of rent-charge in substitution for the tithes is first ascertained. One-third of the amount, when ascertained and settled, is to be represented by such a quantity of wheat, another third by such a quantity of barley, and the remaining third by such a quantity of oats, as the rent charge, if invested in the purchase of those three species of grain, would have purchased at their average prices per bushel during seven years ending Christmas, 1835. The tithe rent-charge is, therefore, in the nature of a corn-rent; but the payment is made in money, and varies annually, according to the average septennial value of the above three species of grain on the Thursday next preceding Christmas Day in every year, as the same is published in the *London Gazette* in the month of January."

10. I do not now purpose to enter into this subject further. Although I have stated generally the views which I am myself disposed to hold, I do not think that the questions at issue have been so fully discussed that it would now be desirable for the Government of India to express any final conclusion regarding them. I think that the proper course now to adopt is to invite the Lieutenant-Governor of the North-Western Provinces to reconsider the whole question.

No. 53.] Minute, dated 2nd June 1870, by SIR DONALD MCLEOD, Lieutenant-Governor of the Punjab.

It will be seen that an expression of opinion on this very important subject of introducing generally or partially a permanent settlement into the Punjab has been called for, and the call reiterated by Government for years past. Mr. Prinsep was called upon to state whether he considered any, and what, portion of the districts settled by him fitted for the application to them of the principles of permanency under the rule laid down or suggested by the Secretary of State, that when three-fourths (I think) of the culturable area of a district or part of a district has been brought under cultivation, and there is no prospect of canal irrigation being introduced into such village, its assessment shall be declared permanent. Mr. Prinsep, in spite of numerous reminders, has not yet replied; and this is the cause why an answer has not yet been sent to the Supreme Government. Mr. Prinsep lately promised me that he would send in his reply immediately, but it has not come.

Although no longer entitled to record my opinion as Lieutenant-Governor, yet, as the subject is one in which I have long taken a deep interest, and which is one of vast importance to the well-being of the Province, I think it is right that I should leave my opinion on record in connection with this reference still undisposed of.

I consider that it would be quite a suicidal act on the part of Government to declare permanent the *money* assessment of any lands whatever in this Province, as was done by us in Bengal, at a time when we had but little information as to the true state of the case, and when opinions on the subject were crude and conflicting to a much greater degree probably than they are now. It is admitted that money is an altogether unreliable standard of value; and the great fall which has taken place in it during the last ten years should warn us what is likely to take place in the future.

I have myself little or no doubt that fifty years hence, if peace and prosperity continue, the purchasing of money will be less than half what it is now,—not in consequence of large importations of bullion or coin as some suppose (though this measure will necessarily be resorted to, from time to time, to restore equilibrium), but in consequence of the increasing producing power of the country, which I believe to be the sole measure of the relative value of money in different countries; and should it then prove the fact that the demand assessed upon land represents but half the real value it did when first fixed, we may, I think, feel assured, judging from past experience, that it will be a matter of the utmost difficulty to find other sources from whence the enormous deficits can be supplied, and the effort to realize it will be attended with exceeding danger.

If, however, in making our assessments, instead of using a cash standard, we were to employ some other standard, supplying a more correct increase of value, I should be entirely in favour of permanency of settlement wherever cultivation shall have attained to the required proportions. The value of labour and the price for corn are, I believe, accepted by political

economists as the two most correct and permanent standards of value which are readily available; and of these, the cash is, in my opinion, the most convenient. If, then, after a money apportionment has been fixed, its equivalent in corn collected at the average of (say) five years preceding were determined and recorded, on the understanding that it could be liable to revision at intervals of ten years, or twenty years, or such periods as might be preferred, according to the average price of corn during the year preceding the time of each revision, and such revised sum were, on such occasion, substituted for that previously in force, the Government would be thus secured from the loss which would otherwise result from a fall in the value of money; while the agricultural population would be relieved, almost as effectually as by a permanent assessment, from the annoyance and loss which inevitably result to them from the detailed inquiry now necessitated by each recurring revision of settlement.

From this principle of permanency, however, I would, for the present at least, exclude all that relates to irrigation, and would fix the permanent assessment at "Bārāni" rates only. I believe the true theory of the irrigation demand in India to be, that Government is entitled to a seigniorage on all water used for irrigation, wherever that water yields a value in excess of the profits of capital expended upon it, whether the water be taken from above the surface or below it. This theory applies alike, in my opinion, to irrigation from rivers, canals, reservoirs, or wells. It has been practically enforced in all ages in Eastern lands, and unless it continue to be enforced for the future, not only will Government lose vast sums to which it is by immemorial usage entitled, but great relative injustice will be done to those now paying irrigated rates unless these be remitted,—a measure which would obviously involve enormous loss.

The ascertainment of the amount of this irrigation demand is fortunately not necessarily attended with the same minute and vexatious inquiry which is involved in the ascertainment of the ordinary assets of land. As regards rivers, canals, and reservoirs, it is now effected yearly by well-known processes, which process will doubtless become simplified as our experience increases; and as regards wells, in all the settlements made by Mr. Prinsep, the assessable value of a well in each homogeneous circle has been recorded, and it is proposed that this lump sum be in future levied from each well in use, without any detailed reference to the area or the crop that may be irrigated from it in each year. All, then, that it will be necessary in order to determine the well irrigation demand will be to ascertain the number of wells in use in the village or other assessment circle—a matter which it will be at all times easy to ascertain with little or no chance of error.

The only further remark I have to make in connection with the subject is, that the irrigation rates, of whatever kind, should undergo the same periodical revision, with reference to the average value of corn, as has been above suggested for the "Bārāni" assessment, and as is still, I believe, the practice in Great Britain in relation to tithes.

Memorandum, dated 2nd August 1870, by R. E. HORRIGAN, Esq., Financial Commissioner, on the Permanent Settlement of the Punjab.

**Vide Paper No. 69.*

In a letter,* No. 282, dated 4th July 1865, from the Secretary to the Government of India, Foreign Department, the opinion of the Government of the Punjab was asked as to the applicability to the Punjab of the rules for the permanent settlement of land revenue in the North-Western Provinces, laid down by the Secretary of State for India in his Despatch No. 11,† dated 24th March 1865; and in a subsequent Despatch,‡ dated 23rd March 1867, it was stated that no permanent settlement was to be extended to villages to which canal irrigation was likely to be extended within the next twenty years.

2. The rule laid down is, that all estates in which the actual cultivation amounts to 80 per cent. of the culturable or malgozaree area may, after revision, be admitted to a permanent settlement of the land revenue immediately. The permanent assessment may be calculated at 60 or 66 per cent. of the existing assets. Other estates in which the cultivation is backward, and the future development of the resources uncertain, are to be settled for periods not exceeding thirty years; but periods of from fifteen to twenty years are preferable.

3. I have had the advantage of seeing the memorandum on the subject of permanent settlement recorded by His Honour the late Lieutenant-Governor of the Punjab, Sir Donald McLeod,§ dated 22nd June 1870, and I concur in all that is said in that paper regarding the inexpediency of introducing a permanent assessment of the land revenue in money.

4. The reasons which render it inexpedient to introduce a permanent settlement of land revenue in the Punjab, apart from the general question whether permanent money settlements should be made at all or not, are—

I.—The peculiarities of the country with reference to capabilities for irrigation and present distribution of population.

II.—The extreme fluctuations of the prices of agricultural produce.

III.—The absence of any desire on the part of the people for a permanent settlement.

I. With reference to the first reason, it is well known that the population of the Punjab is far more dense in the districts which adjoin the hills than in those tracts which are further away from the mountain ranges,—the reason for this being that the submontane tracts have a plentiful rainfall and good means of irrigation, by which they are rendered extremely fertile and able to produce a surfeit and abundant supply of food for the wants of their own inhabitants and also for export to the less fertile districts.

But the soil of the districts which have a scanty rainfall and imperfect means of irrigation is excellent, and water only is required to make this soil as fertile as that of the sub-

+*Vide Paper No. 87.*

‡*Vide Paper No. 42.*

§*Vide Paper No. 63.*

montane districts. There is little doubt that canals will before long be made to carry the water of the rivers into these tracts. The present population is far too small to cultivate the cultivable area when canal shall have been made, and there can be no doubt that the densely populated districts will supply the hands necessary for the increased cultivation; but what will be the effect of this upon the villages which may have been permanently assessed in the sub-montane tracts? The probability is that the lands will be worse cultivated; that they will become impoverished; and that the assessment will break down. This objection may, perhaps, be considered speculative; but I submit that, if canals are made through the tracts which require irrigation, a cultivating population will be drawn to them from the more densely populated parts of the country and in far greater numbers than the natural increase of population can supply; and it is impossible to predict with certainty what the effect may be upon the districts whence the supply of cultivators is drawn, and where the permanently-settled villages will be situated; and I think it inexpedient to make a permanent settlement with such an uncertainty impending.

II. With reference to the extreme fluctuations in the prices of agricultural produce which have taken place within the last twelve years, I would remark that, if a permanent settlement were introduced under the conditions stated in the despatch of the Secretary of State, it would affect only a portion of the villages of a district, leaving a considerable number still under temporary assessment. It is almost impossible that the prices of agricultural produce should remain as they now are,—they must either rise or fall; in either case an inequality of assessment would arise hereafter. If prices fell considerably, it would be necessary to reduce the assessment of the villages permanently assessed; if prices rose, it would not be practicable to give Government the full benefit of the improvement in prices, as the assessments could not be raised much above the rates of the villages permanently assessed. As, therefore, a permanent settlement could only be carried into effect partially in certain villages of each district, and as such a partial measure would operate unfavourably on future assessments, it is not advisable to introduce it at all.

III. There has been no desire expressed by the people for a permanent settlement. It is to be remembered that the Punjab landholders are for the most part cultivating proprietors, some with small holdings, quite unable, from their habits, their education, and their antecedents, to understand the effect of a permanent settlement. They cannot realize a state of things which shall be quite permanent, and they do not plan far into futurity. I think,

* 60 or 66 per cent. of the assets.
as proposed in the Despatch of 1865. years at half assessments, as under the present rule, or a permanent settlement at 20 or 25* per cent. higher, they would to a man refuse the permanent settlement.

5. There is a very general confidence in the moderation of Government; and the great increase of cultivation during the last fifteen years under settlements made for short periods shows that temporary settlement does not deter the people from investing money in agricultural improvements. There are very few men of capital amongst the agriculturists, and the petty cultivating proprietors make such improvements as they can without fear of losing their money when revision of settlement takes place. A term of thirty years, too, enables a proprietor to make good profit upon the money invested in improving his land. In the Punjab Tenancy Act a lease for twenty years at fixed rent is held to bar all claim by a tenant for compensation for improvements, and by analogy a proprietor may be considered to have a sufficient inducement to invest money in agricultural improvements when he is assured that the Government demand will not be enhanced within that period.

6. If land in the Punjab were in the hands of large proprietors, who were deterred from investing their money in large schemes of agricultural improvement by the fear of enhanced assessment at frequently recurring intervals, and who, therefore, were eager for a permanent settlement, it would, perhaps, be advisable to make the assessment permanent, but taking the people as they are, it is not advisable, in the absence of any expressed desire on their part for a permanent assessment, and in the absence of any reason to believe that the progress of agricultural improvement is checked by the present system of temporary settlement, to urge upon them the acceptance of a permanent settlement.

7. If it be considered advisable to fix the maximum proportion of the rent which Government shall take in future, this may be done without binding Government to forego the increased value of that share which a permanent assessment in money involves. But I see no reason for such a measure; our assessments are not based with any great precision upon a calculation of the rental;—there are no data for such calculations, owing to the fact that the land is held chiefly by cultivating proprietors, and it appears to me worse than useless to restrict the action of the Government in future by a declaration which is not called for by any existing necessity.

8. It is not, therefore, in my opinion, advisable either to make a permanent settlement in the Punjab, or to fix the maximum proportion of the rent which the Government may demand.

No. 54.] Minute, dated 7th February 1871; by His Excellency the EARL OF MAYO, Viceroy and Governor General of India, on the Permanent Settlement of the North-Western Provinces.

In respect to the great question referred to by Mr. Strachey† in his memorandum which more than any other affects the future of our revenue and our relations with the people of this country, I am anxious to make a few observations, though, perhaps, it may be deemed

presumptuous so to do; but having been all my life engaged in the consideration of matters affecting the valuation, taxation, and tenure of land, and the profits of agriculture, I do not find that the leading principles which ought to guide us in coming to a conclusion vary in India and in Europe as much as may at first be supposed.

I have always thought that the great desideratum to be aimed at in land tenure is the greatest amount of permanancy in occupancy that can be obtained, which is consistent with securing a fair division of profit as between the parties who possess a direct interest in the land.

I am fully aware of the great evils that must attach to a constantly recurring adjustment of the many interests in land.

As, on the approach of the expiry of a long lease in the United Kingdom, improvement and exhortation cease, so, on the approach of the period of re-settlement, and during its tedious and protracted process, the same evils must occur in India.

In corroboration of this I may add that an experienced Settlement Officer described to me the commencement of these operations. He said:—"They have been expecting me here for three years; we shall be four or five years getting through the work, and for the three years past, and for the five next years, everything in the shape of agricultural progress in the district has been, and will be, at a stand-still."

Indeed, the temptation to conceal value, and to make out that the property and the people are poorer than they are, is greater in this country than it can be in Europe, and many devices can be carried out for defeating an accurate valuation here which cannot be undertaken at home, the valuers being in a great measure without the leading test which regulates all such operations in civilized countries, namely, the test of "letting value" which keen competition regulates.

I am bound, however, to say that the disturbing effect of settlement operations to the extent described is not admitted by many of the officers engaged therewith. On this cardinal point I own I should like more full information, for on its right understanding a correct decision greatly depends.

I am not insensible to the great political value of the feeling of security which a permanent settlement assessed at a moderate rate creates, and I fully believe that the Bengalee will never have any desire to change his master if he is under the impression that our successors would make him pay more for his land.

On the other hand, if it is a recognized fact that the Government have such a proprietary right in the land as justifies it in demanding a certain share of its profits, it is unjust that the State should participate neither in their increase, nor in the depreciation of value which, in the lapse of time, may occur. This view is correct as regards the matter of right.

It is also equally true as regards expediency, for no land revenue must always be the mainstay of Indian finance, and as with growing prosperity demand for improved administration and all public expenses are likely to increase, perfect non-elasticity of land revenue must, if adopted, impose upon future Governments the necessity of laying heavy burdens on the people in the shape of taxation, which will always be more or less obnoxious in its character, and will be more difficult to raise than the well known and generally accepted contribution from the land.

The question, then, for us to consider is—can any system be devised whereby the evils of disturbance can be avoided, the Government being at the same time secured in the participation of that increase in the value of their proprietary right in the land which is almost certain to occur?

In order to endeavour to solve this problem, it is necessary to consider the modes in which the value of land can properly be ascertained.

There are four principal modes by which the value of land is usually ascertained:—

1st.—Quantity of produce.

3rd.—Quality of soil.

2nd.—Price of produce.

4th.—Letting value.

The objection to testing value by quantity only is, *first*, that it is most difficult and nearly impossible to ascertain; and, *secondly*, that it depends to a great extent upon the varying industry of the cultivator and the chances of the season.

The objection to testing value by average price only is that, if a certain division of profit between owner and occupier is aimed at, when dearness is occasioned by scarcity, the owner gets too much; and when cheapness is caused by plenty, he receives too little.

Quality of soil is doubtless an element in all accurate valuation of land; and, when examined by experts, may form an element of consideration for the valuer. A scientific and chemical test of soils is worth very little, but its colour and texture, and, above all, the appearance of the produce, give indications which, to a practised eye, can hardly be deceptive.

The letting price of land is the best and surest test of value in countries where proprietary rights are well ascertained and constantly exercised, and competition, as at an auction, determines what the thing is worth.

In the United Kingdom, therefore, valuers are now instructed to consider in their operations mainly the letting value, and disregard more than formerly the other considerations of quantity and price of produce and quality of soil.

We may now consider how far these modes of ascertaining the value of land are applicable to India. Take the last first.

It is clearly shown in these papers that the amount paid by the occupier in the shape of rent is delusive as a test of value.

In India, where rent is fixed under so many different considerations; where rights of occupancy so generally exist; where forced labour and service is often recognized; where land is let at different rates for reasons of family, religion, and caste; where, as a rule, there is little or no competition for the occupation of hired land; where the rent receiver's interest is to induce the tenant to stay; where the whole custom and feeling of the country is against disturbance; and where, even in some of the most highly-cultivated districts, such as the pergannah of Baghput, herein mentioned, rents have scarcely increased, notwithstanding a very great advance of agricultural improvement, and the increase of value of produce;—where all these circumstances exist, it is impossible to affirm that valuation formed upon such a basis would be reliable. Indeed, a notable instance of the truth of this is described by Mr. Strachey, clearly showing that an assessment, such as was made in the settlement of the Rai Bareilly District, in Oudh, upon the basis of actual rental is, as a test of value, comparatively worthless.

It is clear, therefore, that, for the present, except in towns and their immediate neighbourhood, the letting value of land, or the rent paid, can form in India no safe test of its value.

The consideration of the quality of the soil may, perhaps, under certain conditions, be taken into account; and where the investigations necessary for settlement are extremely minute, I have no doubt that it might be, and is really, occasionally used; but it can never form a very important element in the operation of determining the value.

There remain, then, the two elements, the quantity of produce and its price.

The difficulty of ascertaining the quantity of produce raised per acre, year by year, has been found to be the greatest difficulty that the agricultural statistician has to contend with.

I have myself been engaged in attempts to answer satisfactorily, from my general knowledge of the state of the country at harvest, the annual inquiries as to quantity that are made of all landholders and proprietors for the purpose of framing the Irish agricultural returns.

I own that, after some years' experience, I came to the conclusion that information of this kind is utterly unreliable, and I believe the only approach that can be made to the correct ascertainment of the quantity of agricultural produce raised in a district in each year, is the quantity that is brought to market.

But there is another objection to leaning too much upon quantity as a test of value, more especially as between the Government proprietor and the revenue-payer. The average increase of quantity from one year to another is often the result of increased industry on the part of the tiller of the soil. Though I do not agree with those who think that the proprietor has no right, under any circumstances, to any share in the profits of the land, which is directly traceable to the industry of the tenant, still the Government, from motives of prudence and considerate policy, should be slow to levy a contribution which would be a direct burden on the fruits of industry or exertion. This, therefore, is an additional reason against making "quantity of produce" in a particular year a main feature in periodical valuation of land.

We come, then, to the price or value of produce, which, though its testing value may be, in some respects, impugned, is, as regards this country, a basis upon which we could proceed.

The valuation of land made on a uniform principle and scale of price for agricultural produce is the only way in which we can ensure that the relative value of the land within any district, or the relative value of the lands of different districts, though ascertained at distant and different periods, should be the same. The facts are perfectly reliable and easily ascertainable. There can be no mistake about them. As our communications improve, the surplus produce of every farm will find its way into the traders' hands; there can be no concealment or evasion; and if proper statistical returns are collected, no special enquiry is necessary.

If we now settle the profit which Government ought to take from the land in proportion to present price, it would not, I think, be difficult to devise a simple system which, without burdening industry or individual exertion, would secure to the Government in future years that large portion of the profits of land to which it is entitled.

If, therefore, in the present settlements, the value of agricultural produce is laid down on a certain scale, as it was in the Irish Valuation Act of 1852, it would be easy, by a self-acting process, to decide at certain periods what the future payment in respect of lands now settled ought to be.

The parties interested then would generally know, almost to a rupee, what the increase or decrease of their payment at the beginning of each stated period would be, while the natural increase in quantity, which would not be considered as an important element of calculation as against the revenue-payer, would have the continual effect, as years roll on, of placing him in a more favourable position than he is now.

I do not say that by this means Government would obtain all that it is really entitled to, but it would get in an easy way that increase in revenue to which no objection can justly be taken, and it would probably in future years afford to the State a sufficient sum to meet all its growing responsibilities.

In respect, however, to these two items of quantity and price we must recollect that the valuation of land in India is made for purposes somewhat different than in the United Kingdom: valuation there is not made to determine the amount of rent which should be paid to anyone for the land, but to lay a basis for taxation. Comparative accuracy of value, as between districts, is what is first aimed at in order that the tax-payers in different places should pay equally.

Therefore, it is that in Ireland the Government valuation of the land by no means represents the amount of rent usually paid; it is only relatively correct.

In India, at original settlement, it will always be necessary to consider more fully than

in Europe the quality of the soil and quantity of produce which, under fair cultivation, is ordinarily produced; but once this is established, the fluctuation of market price may form the main test for determining value from time to time.

All the foregoing remarks apply only to cultivated land. Special arrangements, similar to those undertaken at original settlement, would have to be made about waste or uncultivated land, but it would not be difficult to frame such rules as would secure the fair and proper payment of revenue from those vast wastes which will gradually be placed beneath the plough in India.

With regard to the newly-irrigated districts, their position as regards settlement can hardly be thoroughly discussed until the principles of the new canal legislation are settled. It is possible that, as the water is recognised to be the property of the State, a seigniorage might in future days be levied; and indeed the principle has lately been acted on in respect to that part of the Sirhind Canal which will run through the Phoolian States.

These points, however, are only partially involved in the general question which we are now discussing. I therefore suggest for present discussion the view that the main principle upon which the future demand for land revenue might be decided is the average market price of agricultural produce, the Government percentage of future profit being regulated at the same proportion to price as it bore at the period of settlement. But, in addition to this, it might be fair to take into account to a certain limited extent, the increased quantity of produce as evidenced by the amount which passed through the markets of each district. This, however, should bear a much smaller proportion to the fixed percentage of profits than the price.

I have not taken into consideration the "value of labour" which, doubtless, in India, will have a tendency to rise, and might, therefore, be supposed to form a claim in favour of the revenue-payer; but I am certain that the increase in quantity which will gradually take place, and which, as I have shown, will not be taken fully in account on the part of Government, will amply compensate him for the increased cost of labour.

I believe that by such means as I have described it would be possible to obtain from Indian land the just rights of the Government to secure the people against obnoxious and unsuitable taxation, and at the same time to avoid those evils which uncertainty of liability and the process of re-settlement must ever produce.

But if the adoption of such a system as I have described is impossible, if the objections which can be urged against it are found to be too weighty, then no other course is open to us but to continue that system of periodical settlement which obtains in the greater part of India, and which, though it is attended with many evils, is not inconsistent with justice, and is in accordance with Native custom and tradition.

No. 55.]

No. 276, dated 26th May 1871.

From—E. C. BAYLEY, Esq., C.S.L., Secretary to the Government of India, Home Department,
To—The Secretary to the Government of the North-Western Provinces.

I AM directed to reply to your letters, noted in the margin, regarding the settlements of the
 No. 280, dated 20th February 1869.* District of Boolundshuhur and of P'rgunnah
 No. 49. " 1292 " 8th June 1869. Baghput, in the District of Meerut. The Governor
 +Vide Paper No. 50. " 63A, " 12th January 1870.† General in Council regrets that it has been impos-
 +Vide Paper No. 51. " 113B, " 23rd March 1870.‡ sible to dispose of these cases at an earlier date.
 They involve questions of much difficulty and

of the highest importance. They reopen, among other matters, the whole question of the permanent settlement in the North-Western Provinces, and they bring under consideration some of the essential principles on which the assessment of the land revenue in Northern India is conducted.

2. It appears that the revision of settlement in the District of Boolundshuhur was commenced in 1858, on the assumption that it was to be made, in the ordinary way, for a term of years, and it was carried on continuously until 1864. In that year, in consequence of the discussions regarding the proposed introduction of a permanent settlement into the North-Western Provinces, a revision of previous operations was ordered, and in 1868 a further revision was commenced, in order to bring the settlement into conformity with the orders contained in the Secretary of State's despatch of the 23rd March 1867.

Not long afterwards the Lieutenant-Governor found reason to doubt whether the assessment proposed for the district was not altogether insufficient in amount, and he ordered Mr. Daniell, the Collector, to make a general inquiry into the subject.

The result is shown in these papers. Mr. Daniell believes that two-thirds of the estates in the district are assessed far below the recognised rate under which the Government is entitled to 50 per cent. of the net assets. The Government demand, under the old settlement, was £105,683. Under the new settlement it is £128,353. Mr. Daniell is of opinion that, if the 50 per cent. rule were now applied, the Government demand would be £141,353; in other words, that the State is losing £18,000 a year and is taking only about 35 per cent. of the net assets instead of the 50 per cent. to which it is entitled. These conclusions are, in all essential respects, adopted by the Board of Revenue and by the Lieutenant-Governor. "It may be assumed," Sir William Muir writes in his minute dated 14th December 1869, paragraph 16, "that if a settlement were now to be made in reference to present rentals, and the evidence now available as to assets, there would, in all probability, be an increase of about a lakh and three quarters of rupees, more or less, i.e., about 14 per cent. on the revised jumma."

The Lieutenant-Governor is, nevertheless, of opinion that the settlement should be confirmed. He states that he sees no reason to doubt that "the assessments were framed adequately, under the recognised principles of settlement, at the time when they were determined," and that the disproportion between the present assets and the Government demand is mainly due to the great and sudden rise in rents which has taken place since the assessment was fixed.

3. With regard to the causes which have led to this rise in rents, Mr. Daniell says that it "is not attributable to the increase of cultivation or irrigation, but, apart from any visible improvement, assets have increased to a great and certain extent" (report, paragraph 50). "The fact remains that at the time of settlement the rent-rolls were ascertained and believed to be 24·6 lakhs, and five years later they are estimated to be 28·2 lakhs" (paragraph 59). The increase in income is not the result of local improvement. * * * There is nothing whatever to show in any part of the district that any expenditure has been made to any appreciable extent either by landlords or tenants" (paragraph 73). "The determination of the Government demand is the one chief cause of rise, especially in villages which are free from any number of right-of-occupancy tenants, who may have hitherto been accustomed to hold at rather low rates. The fact of the Government demand having been fixed undoubtedly brought the land almost at once to its proper value. In other cases the value of the land has, I think, risen from the increased value of produce, and, in special circumstances, from the increased prosperity of any class of cultivators" (paragraph 76). Another cause is pointed out by the Lieutenant-Governor in paragraphs 18 and 19 of his minute dated 14th December 1869. He says:—"It must not be lost sight of that the general prevalence of rents in kind, at customary shares by division or valuation, has had a tendency to stereotype rates, and to prevent the rise of money-rents; and this was no doubt a potent cause of long depression of the rates of rent which prevailed in this district notwithstanding its populousness, prosperity, and situation in the high lines of commerce. Moreover, as pointed out by Mr. Currie,

* The original says:—"conversion of money-rents into rents in kind, into money-rents, * rents into rents in kind,"—but this is obviously an accidental transposition of the words, and the matter of great difficulty, especially in tracts where no money standard existed. The operation was generally managed by consent of parties, and the cultivator had to be conciliated as well as the proprietors. The standard assumed was probably even at the time low; and with the increasing tendency of rent to rise, it is not to be wondered that proprietors have since been able to raise the rents settled by Mr. Currie."

4. This increase of rents having taken place since the assessment was fixed, the Lieutenant-Governor considers that the Government is bound to accept and ratify the settlement for the remainder of the term of thirty years for which it was originally made. This term expires in 1888-89, or in about eighteen years from the present time.

5. The question at issue is not, however, confined to the expediency of confirming this settlement for a term of years. The greater part of the Boolundshuhur District is declared to fulfil the conditions which, under the last orders of the Secretary of State, would authorize a permanent settlement to be made.

The Lieutenant-Governor naturally shrinks from the conclusion that the assessment which has been proposed in this district could properly be declared to be permanent, believing, as he does, the fact to be established that the total rental has increased during the last five years, since the assessment was made, by about 28 per cent., and that the increase is still rapidly going on. Under these circumstances, in presence of the obvious truth that a permanent settlement would involve an enormous sacrifice of future revenue, the Lieutenant-Governor comes to the conclusion that "the lesson may fairly be learned from the history of this settlement, that the two conditions enjoined by Her Majesty's Government for a permanent settlement are not sufficient." The whole question of permanent settlement in the North-Western Provinces is thus necessarily reopened. In regard to that question generally the views of the Governor General in Council will be stated further on. In regard to the question as it affects Boolundshuhur in particular, it is sufficient for the present to say that His Excellency in Council fully concurs in the Lieutenant-Governor's conclusions that the assessments which have been made in that district cannot be made permanent, and that they cannot in any way form the basis of a permanent settlement. The practical question now is, whether the settlement is to be confirmed, as the Lieutenant-Governor has recommended, for the remainder of the term of thirty years, which will expire in 1888-89.

6. Much as the Governor General in Council regrets the serious sacrifice of revenue which such a course involves, he cannot avoid the conclusion that the Lieutenant-Governor's proposal ought to be adopted. His Honour has satisfied himself not only by written reports, but by his own personal enquiries in the Boolundshuhur District, that there "seems no reason to doubt that the assessments were framed adequately, under the recognised principles of settlement, at the time when they were determined, and provisional arrangements entered into with the proprietors. The disproportion (he says) of the present assets is due, as set forth in my former minute, to the great and sudden rise in rents. Therefore, under the principles there explained, I am of opinion that the Government is bound to accept and ratify the settlement."

Assuming the accuracy of the facts stated in the papers now before the Government, His Excellency in Council can come to no other conclusion. That the amount of the revenue is so small is a consequence of the system of settlement followed generally in the North-Western Provinces; it is not the result of specially faulty proceedings in this particular district. Owing to the rise in rents, the increase in the prices of agricultural produce, the extension of irrigation, the construction of railways, and other similar causes, the country is now in a transition state;

and if a new settlement were now to be made, and we were to fix the assessment at a sum fully equal to half the existing reutal, we should probahly, as His Honour observes, find "in a few years that what has occurred would he again repeated."

7. Nor can the other reasons assigned by the Lieutenant-Governor for confirming this settlement be overlooked, for they are of very serious importance. Settlement proceedings have, he says, "been now in operation, more or less, for ten years in this district. The uncertainty consequent on this state of things cannot but have kept people's minds in a most unsettled state, and prevented their devoting themselves, in the certainty of reaping the results, to the improvement of their lands by the investment of labour and capital. Any revision of settlement which would prolong this harassing condition is much to be deprecated. It is most desirable that this long period of excitement and doubt should be brought to a close, and energy and application of capital and labour again fostered by the confirmation of the settlement."

Whether the conditions under which settlements are now being made for a term of thirty years in the North-Western Provinces, give sufficient security for maintaining the just rights of the State, and for preventing the sacrifice of any portion of that share of the rental of the land which the State is entitled to receive, is a general question of a very serious character. It can hardly be denied that such instances as the present throw grave doubt upon the sufficiency of the existing system. It is clear that in Boolundshuhur the State is obtaining only about 35 per cent. of the rental of the land, instead of 50 per cent. which is now considered its equitable share, or instead of 66 per cent. which was the share taken by the Government when the former settlements for thirty years were made. As regards this particular district, I am to state that, whils the Governor General in Council accepts the Lieutenant-Governor's conclusion that the confirmation of the settlement is necessary, he does so with extreme reluctance, and only because he feels that the loss of revenue is, in this case, a less serious evil than that which would follow from the long delay which would attend any attempt to revise the principles on which the settlement has been made. It cannot be forgotten that sacrifices of the just rights of the State, such as those which have occurred in the present instance, not only confer no real benefit upon the country, but lead inevitably to the imposition of burdens which, under a better system, would be unnecessary upon other classes of the community.

8. It is desirable to notice here that the papers referring to the settlement of the Mozuffurnuggur District, which have been received from the Government of the North-Western Provinces, exhibit still more unsatisfactory results, although of a somewhat different character. It appears that the settlement of Mozuffurnuggur was commenced in 1860, and that operations have been going on ever since. A special enquiry, undertaken in six pergunnahs, with the object of testing the rosults of the settlement, has satisfied the Lieutenant-Governor that the Government demand, which has been fixed at £33,000, ought to have been at least £48,000, so that there is a loss of revenue, in this portion of the distiict, of £15,000 a year, and the Government share of the assets is only about 32 per cent.

The Lieutenant-Governor has refused to confirm this settlement (Resolution, Government of the North-Western Proviues, dated 25th March 1870) on the ground that the assessment was originally inadequate, and never represented anything like the share of the assets of the land which the Government, under the existing rules of settlement, was entitled to receive.

9. In acceding to the Lieutenant-Governoi's proposition that the settlement of Boolundshuhur shouhd be confirmed, the Governor General in Council is of opinion that an important reservation is necessary.

It appears from Mr. Daniell's report that, when the assessments were made in this district, the old system was still in force, under which separate engagements were taken on account of the cesses for roads and other local purposes. Although these cesses were payable with the Government demand, and recoverable as arrears of land revenue, they were specified separately. This system was changed, under orders issued with the sanction of the Government of the North-Western Provinces, by the Board of Revenue on the 13th June, 1866. It was then declared that "the extra cesses for road, school, and dâk fund, and for the payment of chowkidars, which have hitherto been demanded, will cease to form the subject of separate engagements, and, so far as the landholders are concerned, their liabilities will be limited to the consolidated demand, which will be rated at 55 per cent. of the net assets of their estates. The Government demand from the land will hereafter be fixed at 55 per cent. of the average net assets, and engagements will be taken for this amount only." Of this 55 per cent., 50 per cent. represents the Government revenue, and the remaining 5 per cent. is distributed among local cesses as follows :—

		Percent. on net assets.	Percent. on Gov- ernment revenue.
		R a. p.	R a. p.
Road Cess .	.	0 8 0	1 0 0
School .	.	0 8 0	1 0 0
District Post .	.	0 2 0	0 4 0
Municipal .	.	3 14 0	7 12 0
TOTAL .	.	5 0 0	10 0 0

10. It appears from several paragraphs in Mr. Daniell's report* and from the last para-

* Paragraphs 8, 65, 71, 72, and 100. graph of the Lieutenant-Governor's minute dated

19th March 1870, that the Lieutenant-Governor proposes to introduce into the Boolundshuhur District this system of including all cesses with the Government revenue, and of taking a single engagement for the whole amount at the rate of 55 per cent. of the rental. This involves an addition to the total former demand of Rs. 14 per cent. on the rental, the so-called municipal cess for village police not having been imposed in this district when the revenue assessments were originally made. He proposes, further, to add a stipulation, in confirming the settlement, to the effect that the road cess of one per cent. will be subject to be doubled. The Governor General in Council regrets that he is unable to approve these proposals.

11. The views of the Governor General in Council in regard to the nature of the cess imposed for local purposes were stated as follows in the circular of the Home Department, dated 21st February 1870:—

Paragraph 6.—There has been at various times considerable misunderstanding regarding the true character of the road cess, and of the other cesses which are levied for local purposes in Northern India. In consequence of the fact that it has been found convenient to collect them with the instalments of the land revenue, and that the rate at which they are to be levied has usually been fixed when the settlement of the land revenue is made, they have not unfrequently been looked upon as constituting virtually a portion of the land revenue set aside for local purposes. But it has been distinctly declared by the Government of India on more than one occasion that they are nothing of the kind. While the land revenue represents that portion of the rental of the land which the State, as the principal and acknowledged proprietor of the land, is entitled to receive, the district road cess and the other cesses are taxes imposed on the agricultural classes for certain local purposes from which those classes directly benefit. There is no necessary connection between these cesses and the settlement of the land revenue; and the circumstance that their amount has usually been fixed as a percentage on the land revenue is due merely to the fact that the land revenue is assumed to represent a certain definite proportion of the gross rental of the land. In the North-Western and other Provinces, where, under existing rules, the State receives one-half of the gross rental, it is convenient, when we desire to impose a tax upon the annual value of the land, to say that it shall be levied as a percentage on the land revenue.

12. The Secretary of State, in his despatch dated the 12th May 1870, on the subject of local cesses in Bengal, has expressed views in exact accordance with those of the Government of India; and his remarks are so important, and they appear to His Excellency in Council so completely to dispose of the question now at issue, that it is desirable to quote them here:—

Paragraph 12.—It has been contended that the rates levied in other Provinces of India are essentially distinct in principle from the rates which it is proposed to levy in Bengal. The argument appears to be that, in other Provinces of India, the local rates are simply so much addition to the ordinary land revenue—an addition which is there legitimate, because the Government had not in those Provinces debarred itself by positive engagements from increasing the land assessments. This appears to be only another form of stating the argument already dealt with, which is founded on the terms of the permanent settlement. But the distinction thus drawn between the character of such rates, when levied in Bengal, and the character of similar rates when levied elsewhere, is a distinction which I concur with Your Excellency in considering to be unsound. Whatever character may be assigned to these rates as a matter of mere verbal definition, they were unquestionably intended by the Government, in all the Provinces in which they have been raised, to be in addition to the land revenue, and not a part of it. This separation was expressly defined and marked in the proceedings of the Government of Bombay before any special legislation had been passed upon the matter. In the resolution of that Government, dated 9th March 1860, the Superintendents of Survey were directed, "after fixing the assessment of a district," to add the rate "over, after, and above the amount which, on other considerations, they may deem appropriate." Although incorporated with the land revenue in respect to the mode of levy, as being the most convenient, it is again in the same sentence explained to be "calculated over and above the ordinary assessment;" and Sir Charles Wood, in his despatch of 25th May 1861, in which he dealt with the proposal, speaks of it as a proposal "for the imposition of a school rate and road cess in addition to the revised rates of land assessment which have been, and still are, in course of introduction."

13. Her Majesty's Government are, therefore, of opinion that it cannot be said with justice that to impose rates in Bengal would be to impose a special tax on that Province which is not imposed on other parts of India.

14. It is true that, in making some of the more recent land settlements in various Provinces of India, the Government has given notice that, in fixing the assessment of land revenue for twenty or thirty years, it retained

† Act I of 1865, section XXIX, clause 1.

the power of imposing some additional rates for local expenditure in the future. In the Bombay Act of 1865,† a notice to this effect has been made permanent by law. But this notice, so far from indicating that such rates are to be considered as part of the land revenue, is, on the contrary, a distinct indication that they are to be considered separate. The notice was issued because the Government was warned by the misunderstanding which had arisen in Bengal, and because it knew that precisely the same misunderstanding might arise under any settlement—the misunderstanding, namely, that during the term for which such settlement might be made, the Government absolutely surrendered all power of additional taxation upon the land. But although, under these circumstances, it was expedient to prevent such misunderstanding in futuro by a warning explanation to all with whom new settlements might be made, Her Majesty's Government do not admit that, where no such notice has been given, no rates can be levied in addition to the assessment. This, indeed, would involve a result in direct antagonism with the principle laid down in this despatch, and sanctioned in the case of the income-tax. That principle is, that any extra taxation or rating levied from the agricultural classes over and above the land revenue must be imposed as equally as possible upon all holders of property accessible to the impost. But if those holders of landed property are to be free from the tax to whom notice was not given at the time of settlement, the rates cannot be imposed equally, but, on the contrary, there must be an extensive system of exemptions. And those exemptions must especially include the holders of innumerable alienated villages and all permanent tenures either rent-free or at small fixed quit-rents. The guarantee under which these persons hold their lands, free from any increase of the land assessment, is no guarantee quite as binding as the promise given to any holder in Bengal. But the practical injustice of exempting inamdaras, or the owners of alienated villages, is as apparent as the departure it involves from the principle of making rates equal and general in their incidence. It must always be remembered, in matters of taxation, that when a given work is to be done, and a given amount of expenditure is required to do it, the exemption of any class is simply an aggravation of the burden on all other classes who are not exempt. And in this case those would be the exempted classes who have been otherwise most favoured by the State, and those would be the classes bearing an aggravated burden who already contribute most to the public expenditure. Moreover, the holders of property thus exempted would derive equal, or, indeed, greater benefit from the rates than the boldors of property who alone would be called upon to pay them. On these

grounds, Her Majesty's Government feel that, in rejecting my claim to exemption from rates on the part of those who did not expect to pay them at the time of the land settlements, or on the part of those who hold under permanent tenures, whether of one kind or another, they are not adopting any mere verbal plea in order to justify a foregone conclusion, which otherwise might be difficult of defence. They are satisfied, on the contrary, that they are rejecting a claim founded solely on a mistaken interpretation of the mere wording of a particular document, and which, if admitted, would lead to results at once anomalous and unjust.

It is the more important that a final decision of this matter should be arrived at, because it must be admitted that the misunderstanding on which such claims to exemption are founded is a misunderstanding which has been long prevalent, and has imparted a character of doubt and hesitation to the language and to the acts of the Government, both in India and at Home. There has been, on the one hand, a feeling and a conviction of the essential distinction between the ordinary land revenue and the rates which it was desired to levy, whilst, on the other hand, there has been a difficulty in defining that distinction, and a fear lest it should be found to be incapable of explanation to the people. Hence, there has been a variety of suggestions for evading the difficulty by raising the required amount of money through a house tax or a license tax, or some other tax which could not be confounded with the land revenue, and respecting which, therefore, there could be no doubt of the right of the Government to impose it. But all these suggestions have, for various sufficient reasons, been rejected. The despatch of Sir John Lawrence of 22nd February 1867 (No. 9, Revenue Department) exhibits the embarrassment felt by the Government of India in this condition of affairs, and its anxiety lest rates on landed property should appear to the people to be a breach of faith. It is injurious alike to the Government and to the people that this condition of things should continue. The Government has nothing to conceal, and the people know nothing to fear or lose in the reaffirmation of the same principle as regards rating, which has already been assumed as regards the income-tax.

16. An important step in the practical decision of this question has been taken in the passing of the Bombay Act, No. III of 1869. The special object of that Act is to raise funds for expenditure on objects of local public utility and improvements, and for this purpose it imposes rates upon all holders of land without making any distinction between those who received and those who did not receive a notice at the time of settlement. No exemption of any class of landholder is admitted. On the contrary, the holders of rent-free or alienated villages, and of other permanent tenures, are expressly subjected to the rates.

17. In view, therefore, of these various facts and considerations, Her Majesty's Government have now to intimate to Your Excellency the conclusion to which they have come after a careful consideration of a controversy which has now been going on for a long course of years. This conclusion is, that rating for local expenditure is to be regarded, as it has hitherto been regarded in all the Provinces of the Empire, as taxation separate and distinct from the ordinary land revenue; that the levying of such rates upon the holders of land, irrespective of the amount of their land assessment, involves no breach of faith on the part of the Government, whether as regards holders of permanent or of temporary tenures; and that where such rates are levied at all, they ought, as far as may be possible, to be levied equally, without distinction and without exemption, upon all the holders properly assessable to the rate.

18. The Governor General in Council is of opinion that the conclusions thus declared by the Secretary of State cannot be too carefully and strictly enforced. In almost every Province difficulties have arisen in consequence of these local rates having been treated as portion of the land revenue, and doubts have frequently been expressed whether they can be altered during the currency of a settlement, without breach of faith on the part of Government. Thus, in the reply, dated 17th March 1870, to the circular of the Home Department quoted above, the opinions of the Lieutenant-Governor of the North-Western Provinces were stated as follows:—

A compact has been made to take so much as revenue and so much as cesses, and the plain inference is that the demand in respect of both is limited by the engagement. With the sanction of the Supreme Government, the land revenue has been consolidated with the cesses, and the demand for the aggregate is engaged for in one sum which the proprietor is told combines his liabilities both for land revenue and cesses. Under these circumstances, to increase the cesses during the currency of an engagement duly concluded and ratified by the Government, would be viewed by those concerned, and, in the Lieutenant-Governor's opinion, would, in effect, be a breach of engagement.

In your letter No. 121A, to the Financial Department, dated the 27th January 1871, the views of the Lieutenant-Governor on this subject have also been stated very clearly:—

"The correct principle," it is said, "as it appears to the Lieutenant-Governor, is that which is followed in these Provinces, viz., to assign a fixed portion of the land revenue for local objects. This is now done always at the time of settlement, by setting apart one-eleventh of the entire demand, or one-tenth of the Imperial land revenue for purposes of Revenue, Police, District Roads, District Park, Village Education, and Sanitation, duties the discharge of which is, to a large extent, obligatory on Government as the superior landlord of the country."

14. In regard to past settlements in the North-Western Provinces, the Governor General in Council does not wish to dispute the Lieutenant-Governor's conclusion that no alteration should be made in the amount of the local cesses. As the term of nearly all those settlements has already expired, the question is one of little practical importance. But in the opinion of His Excellency in Council it would be very unwise deliberately to allow fresh settlements of the land revenue to be made in such a manner as to expose the Government to a repetition of charges of breach of faith, if, at any future time, during the currency of the settlement, it should become necessary to increase the rates levied for local purposes upon the land.

15. The Governor General in Council much regrets that the views of His Honour the Lieutenant-Governor on this subject should differ from those which have long been maintained by the Government of India, and which have been so strongly affirmed by the Secretary of State. But His Excellency in Council thinks it essential that the system now followed in the North-Western Provinces, in regard to these cesses, should be altered, since it must, in his opinion, have a strong tendency to encourage and perpetuate the misunderstandings which have led to so much embarrassment in the past, and which it is important to guard against in the future. It must, he considers, be made clear that the rates levied for local purposes are taxes altogether distinct in their nature from the land revenue, and there is, as it appears to His Excellency in Council, no more propriety in linking engagements for their payment than there would be for the payment of taxes of any other kind.

The Governor General in Council is fully alive to the importance of altering, as seldom

as possible, the amount of any rates that may be imposed upon the land, and nothing could be further from his wishes than the adoption of a system under which their amount would be frequently changed. He thinks it extremely probable that it may, as a general rule, be inexpedient and unnecessary to alter the rates during the currency of a settlement, and he admits that there may, under ordinary circumstances, be much administrative convenience in revising, at one and the same time, the revenue demand and the local rates. The rates would thus usually come under revision when a new revenue settlement is made. In regard to the general principle that there should be as little uncertainty as possible as to the amount of the demands upon the land, there can be no difference of opinion.

16. It is stated in your letter No. 100B., dated 17th March 1870, that—

None of the new settlements in course of formation have as yet been confirmed by Government. In a considerable number of districts the engagements have been taken from the proprietors at the new jumma

* That is, that a single engagement shall be taken for on the rule indicated above.* The Lieutenant-Governor the land revenue and cesses, without distinguishing them agrees with Mr. H. S. Reid, that it is open to the Govern-

ment to add to the road cess at any period prior to final confirmation; and it had been His Honour's intention, in sanctioning any settlement, to have reserved the power of raising the road cess to 2 per cent. on the jumma, some previous notice, as suggested by Mr. Inglis, being given before the enforcement of such additional demand. And if the Governor General in Council desires it this view can be acted upon, and in all new settlements the road cess could be, *ab initio*, rated at the above sum. The Lieutenant-Governor would not go higher than that rate, agreeing with the Board that the special burdens upon the landed interest are sufficiently high.

It thus appears that although, in certain districts, engagements have been taken from the proprietors under the 55 per cent. rule, which consolidate the cesses with the land revenue, it is open to the Government to revise this arrangement at any time prior to final confirmation of the settlement. The Lieutenant-Governor has further shown that he is prepared to act upon this opinion by the orders which he has given in the case of the Boolundshuhur settlement, under which the settlement engagements taken from the proprietors will be revised and a new cess of Rs-14 per cent. will be imposed over and above the assessment originally made.

17. I am therefore directed to request that in all future settlements the system of taking engagements from the proprietors for the payment of local cesses as a part of the land revenue may be abandoned. In cases in which the settlements have already made much progress, but have not received the final confirmation of the Government, and in which it may be difficult, without serious inconvenience, to alter the wording of the engagements which have been taken from the proprietors, such confirmation should only be given on the distinctly expressed condition that nothing in those engagements will prevent the imposition of any rates for local purposes which the Legislature may think fit to order during the currency of the settlement. The present instructions are, I am to add, in complete accordance with Act XVIII of 1871 (the North-Western Provinces Local Rates Act, 1871), which sanctions the imposition of rates on land for local purposes, "independently of, and in addition to, any land revenue assessed on the estate," and fixes no period of time within which the rates are to remain unaltered.

18. The serious questions which have been raised by the Lieutenant-Governor in regard to the settlement of the North-Western Provinces must now be noticed.

19. In the greater part of the Boolundshuhur District the conditions are declared to be fulfilled, which, under the existing orders of the Secretary of State, entitled the proprietors of land to a permanent settlement of their revenue.

Those conditions are thus laid down in Sir Stafford Northcote's despatch of the 23rd March 1867:—

First.—No estate shall be permanently settled in which the actual cultivation amounts to less than 80 per cent. of the cultivable or malgozaree area; and

Second.—No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next twenty years, and the existing sets of which would thereby be increased in the proportion of 20 per cent.

The Lieutenant-Governor states that the District of Boolundshuhur "is so advanced in cultivation, and developed as to canal irrigation, that the greater part of the estates answer the first rule of having four-fifths of their area under cultivation, and also the second, of there being no prospect of improvement by canal irrigation over 20 per cent. of present income."

The facts which have led the Lieutenant-Governor to the conclusion that the history of this settlement shows that "the two conditions enjoined by Her Majesty's Government for a permanent settlement are not sufficient," are of great importance. They serve also to illustrate causes which, under the existing system of settlement in the North-Western Provinces, may prevent the State from obtaining from the land the revenue to which it is theoretically entitled.

20. In the greater part of the North-Western Provinces, the rents, even of tenants-at-will, are regulated to a considerable extent by custom, and certain classes of cultivators possess rights of occupancy, secured to them by law, under which they are often entitled to hold at beneficial rates of rent. In the latter cases, the cultivator is virtually a co-proprietor in the land, and under the existing system of settlement, to whatever extent he receives a portion of the proprietary profits, to that extent he may intercept a portion of the assets to which the State is entitled. The settlement is made with the proprietor, on the assumption that he and the State are to share equally, and the tenant holding at beneficial rates is,

in a great measure, left out of the account. Whenever, from any cause, the prevailing rates of rent are low, the interests of the State may suffer, although the total profits actually derived from the land may be large.

It is to causes of this nature that the inadequacy of the assessment of the Boolundshuhur District appears to be mainly due.

"Settlement Officers," the Lieutenant-Governor says, "under the system of property prevailing in Northern India, must frame their assessments on the prevailing standard of rent. * * * It would be dangerous to allow the assessing officer to leave the hard ground of current standard rents, and, speculating on an expected enhancement, to rate his assessments upon such expectation. There may, indeed, be cases (like that of Baghput in the District of Meerut, already submitted to the Supreme Government) where the rates over limited tracts are without any sufficient reason lower than in adjacent places; and there the settlement may safely be made on an anticipated rise—a proceeding justified by the consideration that the current rents are actually below prevailing rates. But where over a whole district, or large extent of country, certain rates prevail, these must be held the prevailing rates, and their result, the rental, or 'net assets' which form the basis of the Settlement Officer's assessment."

21. The case of the Baghput Pergunnah, in the Meerut District, to which Sir W. Muir refers, and regarding which a separate reference has been made to the Government of India, offers a remarkable illustration of the system upon which settlements are made in Northern India.

The settlement of Meerut was made by Mr. W. A. Forbes, one of the most distinguished revenue officers in the North-Western Provinces. After careful enquiry into all available facts, and comparison with the rates of assessment admitted to be very moderate under similar conditions in neighbouring pargannahs or subdivisions of the district, Mr. Forbes estimated that the proper revenue to be demanded for the Baghput Pergunnah, at the usual half acre rates, would be Rs 2,45,022. The present assessment, made some thirty years ago, is Rs 1,18,000.

The "actual condition," says Mr. Forbes, of this pargannah, "as regards cultivation, irrigation, and development of qualities, has reached the highest standard." The population is said to be "active and energetic." Canal irrigation has been extended almost to the utmost possible limit. The Eastern Jumna Canal runs down the centre of the pargannah throughout its entire length, and spreads its irrigation on either side up to the farthest point that the high levels just adverted to will admit. For richness of products, high farming, and general

* Mr. Forbes' report, paragraph 4.

prosperous condition of the people, these inland

estates are not to be surpassed.* Since the former settlement was made, the cultivated area has increased from 73,506 to 95,369 acres, and the irrigated area from 12,023 to 59,064 acres. All the conditions laid down by the Secretary of State as necessary to justify a permanent settlement are declared by the Lieutenant-Governor to be fully complied with.

When, however, Mr. Forbes came to re-distribute, village by village, upon individual estates, the Government demand, which, according to his estimate ought to have been at least Rs 2,45,022, he found it impossible to impose more than Rs 10,035, and he states his conclusions as follows:—"I am positively certain that permanent assessment at that jumma will cause a loss to Government of Rs 16,162." Mr. Forbes declares, and the Lieutenant-Governor confirms the statement, that this result is owing to "the backward state in which rents are found." Notwithstanding the great improvement that has taken place in the value of land during the last thirty years, "the exceedingly light assessment at last settlement," the "enormous increase of assets due to the canal," the high prices of agricultural produce, and the immensely improved position and increased wealth of the cultivators, rents have hardly

† Paragraph 21.

risen. "Whether," writes Mr. Forbes, "there

were difficulties which we know not of in the way of enhancing rents, or whether the people were ignorant of the procedure, is doubtful, but the fact remains. We do not find that rents have, as a rule, changed; no doubt they have risen, but how and when we cannot trace; and all over the country, and especially in this pargannah, we find the low rents of older days when landlords were glad to entice in tenants at almost nominal rents in order to lighten their own burthen."

22. In the case of the Baghput Pergunnah, Sir W. Muir has recommended, under certain conditions, that the settlement should be made permanent. He has, however, in his subsequent minute on the settlement of Boolundshuhur, come to so decided a conclusion that the existing rules regarding permanent settlements must be revised, that the propositions regarding Baghput may, it is presumed, be considered in abeyance.

23. The Lieutenant-Governor states his opinion that "the lesson may fairly be learned from the history of the settlement of Boolundshuhur that the two conditions enjoined by Her Majesty's Government for a permanent settlement are not sufficient." He says that

"in this district those conditions have been fulfilled. The required limit of men under cultivation has been attained; the required extension of irrigation and development of resources fully secured. The 'existing assets,' if we look only to the produce of the soil, are in every way sufficient; but the 'existing assets,' which reach the proprietor in the shape of rent, are as yet inadequate, and when the assessment was made were still more so. "It is evident," the Lieutenant-Governor continues, "that the sacrifice to which Government, in conceding a permanent settlement, has consented, is one of future revenue from improvements accelerated by the increased investment of capital by proprietors when seen to of the whole result. But in the case of a settlement like the present, based on an imperfectly developed rental, the sacrifice would be of future revenue erected by no such expenditure, but simply by the exertion of proprietary power in increasing the relative share of the produce which constitutes rent. This is a process which, in the nature of things, will come to pass equally whether the settlement be in perpetuity or for a term, and the sacrifice would be consequently gratuitous,—made without any corresponding object or return. I think, therefore, that a third condition for permanent settlement is thus shown to be quite necessary, namely, evidence that the standard of rent prevalent or the estimate of 'net produce' on which the assessments are based, is adequate; or (having due regard to

soil, facilities of irrigation, and ratio of dry and wet land) is not below the level of rent throughout the country at large."

24. The conclusion of the Lieutenant-Governor that the existing conditions for a permanent settlement are insufficient seem to the Governor General in Council to be indisputably correct. It seems, however, less clear that the third condition suggested by His Honour would supply the insufficiency of the present rules, and other questions of serious importance are involved.

25. The reasons which have been assigned by the Lieutenant-Governor for the opinion, that the existing conditions for a permanent settlement are insufficient, seem also to apply, to a great extent, to the conditions under which settlements in the North-Western Provinces, are made for a term of thirty years. Wherever we find a state of things similar to that which prevails in Boolundshuhur and Baglput, the existing system of assessment, which is based not on the real assets, but on the rental of the land, must apparently entail loss upon the State. The land is fully cultivated and irrigated, and agricultural resources are highly developed, but a large proportion of the land is held by cultivators whose rents can only be enhanced, if at all, by process of law under certain conditions or whose rents are limited by custom or other causes.

"The fact," writes the Lieutenant-Governor in his Minute of the 22nd December 1869, "is that the share of the cultivator, according to the usage of the district at the time of settlement was too large, and the share of the proprietor (*i.e.*, the rent) too low." * * * "There is reason to anticipate that in the course of a few years the upward movement of rent now begun will have extended over the whole district and completed itself; that is to say that proprietors emancipated from the conservative influence of rent in kind, will have pushed their standard of rent as high as the tenantry will bear it; and that future enhancement afterwards will depend mainly on improvement from expenditure of labour and capital, or rise in prices. The permanent settlement might then be introduced without any departure from the spirit in which it has been conceived and promised." * * * "The 'existing assets' if we look only to the produce of the soil, are every way sufficient; but the 'existing assets' which reach the proprietor in the shape of rent are as yet inadequate, and, when the assessment was passed were still more so. The sacrifice of revenue under a permanent settlement would be gratuitous and indefensible, for the increase of income to the proprietor would not represent to the profit of capital invested on the faith of such settlement, but the mere assertion by the proprietor of a larger and more legitimate share in already existing assets."

26. It seems to be assumed, in the passages quoted from the Lieutenant-Governor's minute, that the share of the actual cultivator in the assets derived from the land is now larger than it ought to be; that the share of the proprietor is inadequate; and that until it becomes "larger and more legitimate," the Government cannot obtain the full amount of revenue to which it is supposed to be entitled.

It may be true that so far as the land revenue is concerned, the best thing which could happen for the Government under the existing system would be that the landlord should always obtain what His Honour has termed a fully developed rental. This, however, is a remedy which could hardly be fully applied unless it were admitted that it is desirable, in the interest of the State and of the public, that tenants should pay generally the highest possible rents; that the restrictions placed by law or custom on the power of a landlord to increase his rents should be done away with; and that rights of occupancy should cease. The Lieutenant-Governor, whose views on these subjects are well known, would be the last person to approve of any such conclusions. The Governor General in Council would ask His Honour whether it does not follow that there is something essentially faulty in the existing system of assessment. It can hardly be right that the State should be unable to obtain its fair share of the assets of the land because tenants are well protected, or to say that for each rupee by which the existing revenue falls short of the amount to which the Government is entitled, we ought to force the actual cultivator, who may be a tenant with occupancy rights, to pay two rupees to the landlord.

27. The whole question of the permanent settlement of the North-Western Provinces having been reopened, it becomes necessary to consider whether the experience which has been gained, since the orders of 1867 were passed, shows that the conditions then prescribed require amendment in any other respects than those which have now been noticed by the Lieutenant-Governor. This question must, in the opinion of the Governor General in Council, be answered in the affirmative.

28. When the existing conditions for permanent settlement were prescribed, it appears to have been the intention of Her Majesty's Government to affirm two principles.

The first was, that the State ought not to demand a share of that increase in the profits of the land which is the result of the application of the capital and exertions of the occupant. Although this rule may have been imperfectly carried out in practice in the settlements made for a term of years in Northern India, the Government has long recognized the truth of the principle involved, and has declared that when a new assessment of the revenue is made, liberal consideration shall be given to the fact that improvements have been made by the expenditure of private capital upon the land. It is in accordance with this principle that it has been distinctly provided by law in the Bombay Presidency that when a revision of the Government assessment takes place, "such revised assessment shall be fixed, not with reference to improvements made by the owners or occupants from private capital and resources, during the currency of any settlement under this Act, but with reference to general considerations of the value of land, whether as to soil or situation, prices of produce, or facilities of communication."—(Bombay Act I of 1865, section 30.)

The obligation thus put upon the Government is similar in principle to that which has long been applicable in the North-Western Provinces and in Bengal, in regard to the power of a landlord to increase the rents of a tenant with occupancy rights. Thus, it was laid down,

There could hardly be a better example of the manner in which the income derived from property, at the present time, increasing in the North-Western Province, than that which is afforded by the settlement of Boollundshau.

31. The passages which have been quoted are undeniably true, but it may be doubted whether the same distinction which was so justly drawn between the essentially different causes which may give rise to the same disease, is as if it were the only means by which the value of the extension of canal irrigation as if it were the only reasonable ground exists for irrigating the extension of canal irrigation as if it were the only measure by which the land may be increased without any expenditure of labour or capital on the part of the occupant. It is admitted that a permanent settlement ought not to be made when we know that the annual value of the land will, within a period, be increased by the extension of irrigation, in providing water for the household of the land holder no part. The rounds for irrigating a permanent settlement (of the latter), which would make under the existing system do not appear to be less strong, when that is, which would be more certain than that which is given by works of irrigation of the open parts of the land. Great as the additional value given to the land by works of irrigation upon undoubtely its, it is hardly greater or more certain than that which is given by canals and dykes out of new and probable markets.

When the question of the permanence of former under discussion, the magnitude of the economical evolution through which India is passing was less obvious than it is now. It may be doubted whether any parallel could be found, in any country in the world, to the changes which have taken place during the last ten or fifteen years in India; to the diminution of the economic evolution through which India is passing, is less obvious than it is now.

In this minute dated the 14th December 1869, Sir W. M'ur re-assesses what is in fact the same principle, although he does not specially refer to canal irrigation. He deprecates the permanent settlement of the Bootanandpur District, because, from the causes which he has described, the increase in the rental of the land, which is rapidly going on, does not result from the expenditure of private capital, or from any improvements made by the proprietors, but from "a process which, in the nature of things, will come to pass gradually whether the settlement be in perpetuity or for a term." He says that, under such circumstances, "the settlement would be grievous under a permanent settlement be grant-in-aid incapable."

In the dieussions which took place before the decision of 1867, this principle was generally admitted to be right. State governments acting from the extension of equal migration. It was agreed that the State should not itself abandon the whole of the great increase of value and that it would be given to the land by the extension of private capital. Thus, in the despatch of the Secretary of State, dated the 20th November 1866, we find the following passages :—

29. The second principle which it was intended to affirm was that it was not right that the State should sacrifice the share of those increased properties of the land which would almost necessarily result from the application of the skill and capital of the occupant, but of the skill and capital of the State itself.

* Directories to Settlement Officers, paragrapgh 1869. The law in section 6 of Act X of 1787. which the result of an occupancy tenant may be entitled to be, "that the available of the produce or the productive powers of the land have been increased ollective than by the agency or at the expense of the royal. According to well-known decisions of the High Court of Calcutta, "if the means of the highest quality have not adjusted themselves to the circumstances of the lands, the rent should be fixed according to the proportion of the produce to the original value of the land," under the title paid, but more be called on to pay to the landlord, under the name of rent, what is in fact not rent, but the increase of his own labour and capital which he has paid.

* When the settlements were made in the North-Western Territories thirty years ago, that "it must always be remembered that when the improvements of the land is occasioned by the expenditure of capital by the settler, the proprietor will not be entitled to compensation for rent," * The same principle was substantially affirmed by the law in section X of Act X of Settlement Officers, paragrap

We are told by the Collector, after careful enquiry, that during the last five years there has been in this district very little increase of cultivation, or of irrigation, and that "there is nothing whatever to show, in any part of the district, that any expenditure has been made to any appreciable extent either by landlords or tenants." Nevertheless, in these five years the rental of the proprietors is declared to have risen by 28 per cent., and to be still rapidly increasing; and we are assured that if a new settlement were now made, upon the same basis as the last, the assessment would exceed that made five years ago by some £18,000, and would be raised from £123,000 to £141,000.

32. It is remarkable that during the long-continued and voluminous discussions which have taken place, no such facts as those which the settlements of Boolundshuhur and Bhagput have now brought to light appear to have been referred to. Yet these facts are now declared by Sir William Muir, who took so prominent a part in those discussions, and who is perhaps the highest living authority on the subject of the existing revenue system of the North-Western Provinces, to be fatal to the scheme of a permanent settlement in the shape in which it has received the sanction of Her Majesty's Government. We could hardly find a better example to show the imperfection of our present knowledge, or a better proof of the necessity of extreme caution, when we attempt to solve a problem of which the conditions are so complicated; which depends so greatly on future circumstances which cannot now be foreseen; and of which, if the solution be mistaken, the consequences may be ruinous. It is to be hoped that this will not be forgotten in the future consideration of this subject, and that all hasty conclusions will be avoided.

33. It has been suggested, at various times and by various authorities, that the settlement of the land revenue should be made, not upon the basis of a fixed money assessment, but on the basis of the value of a fixed quantity of produce, which value would be adjusted, from time to time, according to the average prices which prevailed.

It has been urged that a permanent settlement on this basis might be allowed without any serious sacrifice of future interest, and that the result would be in a great measure that which it has long been the desire of the Government to obtain,—a system under which improvements made at the expense of the occupant of the land should lead to no increase in the demands of the State, on account of its share of the produce; while, on the other hand, the State would not lose the whole of the benefit derived by the land from improved administration, from the construction of great public works, and from the general progress of the country.

In paragraph 40 of his Minute of the 22nd December 1869, the Lieutenant-Governor has referred to this question; and although he has not given any final opinion, it may be inferred that he decidedly inclines to the conclusion that the basis of a permanent settlement ought to be a grain and not a money assessment.

The Governor General in Council does not wish at present to give any opinion upon this subject, but it is one which is open to discussion.

34. I am directed to request that the Lieutenant-Governor will now reconsider this great question of the permanent settlement of the North-Western Provinces. It will depend on the further enquiries and discussions which must be undertaken whether it will be found possible to maintain the conclusions formerly arrived at by Her Majesty's Government in favour of the principle of a permanent settlement. All that the Governor General in Council is at present able to affirm is this, that it has been proved by experience that the existing conditions regarding permanent settlements in the North-Western Provinces are insufficient, and that those conditions could not be applied without most serious and certain injury to the future interests of the public. The Governor General in Council will immediately place before the Secretary of State the facts which have now become apparent, and will propose that, pending the further discussion of the whole subject, the orders contained in Sir Stafford Northcote's despatch of the 23rd March 1867 shall be held in abeyance.

No. 56.]

No. 7, dated Simla, the 26th May 1871.

From—The Government of India,

To—The DUKE OF ARGYLL, Her Majesty's Secretary of State for India.

WE have the honour to forward, for Your Grace's consideration, the accompanying papers bearing on the important question of the permanent settlement of the land revenue in the North-Western Provinces. Our despatch

**Vide Paper*
No. 55.

to the Government of those Provinces, No. 276,* dated the 26th instant, will show to Your Grace the reasons which have led us to concur with the Lieutenant-Governor, Sir William Muir, in the opinion that it has been clearly proved by experience that the conditions which have been laid down regarding permanent settlements in the North-Western Provinces are insufficient, and that they could not be applied, in their present form, without leading to most serious and certain injury to the future interests of the public.

2. We have thought it necessary to request the Lieutenant-Governor to reconsider the whole question; and, pending the result of further discussion, we hope that Your Grace will agree with us in thinking that the orders contained in Sir Stafford Northcote's Despatch No. 15† of the 23rd March 1867

†*Vide Paper*
No. 42.

opinion on the question, they think it right that the attention of the Secretary of State for India in Council should be called to this evidence, in order that he may reconsider the subject, and, in the meantime, determine whether steps should not be taken to suspend any further proceedings to carry out the Despatch of his predecessor."

2. I need not impress upon Your Excellency in Council the importance of Her Majesty's Government being placed in a position to form a judgment upon this important subject, so soon as you shall have fully weighed the additional evidence which is to be furnished to you by the Lieutenant-Governor of the North-Western Provinces.

No. 59.]

No. 685 A, dated Allahabad, the 2nd March 1874.

From—C. A. ELLIOTT, Esq., Secretary to the Government of the North-Western Provinces,
To—The Secretary to the Government of India.

* *Vide Paper No. 55.*

I am now directed to reply to Mr. Bayley's letter dated * 26th May 1871, on the question of permanent and temporary settlement of the land revenue.

2. The circumstances which led to the reopening of this subject after it had been apparently settled conclusively by the orders of the Home Government require to be briefly recapitulated.

3. Shortly after Sir William Muir assumed the government of these Provinces, it was found that in some part of the country, which fully came up to the conditions requisite for a permanent settlement as laid down by Her Majesty's Government, the prevailing standard of

† *Vide Paper No. 37.*

rent was abnormally low; and as the existing spatch dated 21st March 1865, No. 11 (Revenue). "assets" (or rental) form the standard of assessment, † it was evident that any settlement in perpetuity based upon such existing rental would involve a gratuitous sacrifice of revenue.

4. In February 1869 the difficulties in the way of applying the prescribed rules for permanent settlement to the Pergunnah of Bagput, Zilla Meerut, were submitted to the Government of India. From various causes the standard of rent was found to be greatly below that prevailing elsewhere. A full jumma would, at these rates, have been about £24,500. The old assessment was £14,800, and the Settlement Officer believed that for the present it could not safely be raised higher than £21,000. His Honour thought that where the full assessment could be imposed within (say) seven years, such full assessment might be assumed as the basis of permanent assessment, on the ground that rents would before long rise in this pergannah "to the standard prevailing elsewhere."

5. The extraordinary and sudden rise of rents in Boolundshuhur led the Lieutenant-Governor subsequently to take a wider view of the question, and the subject was discussed in His Honour's Minute† dated 14th December 1869, in which instructions were solicited from the Government of India.

‡ *Vide Paper No. 50.*

6. It was pointed out that the conditions prescribed for a permanent settlement by Her Majesty's Government were defective in not providing for the contingency of rents being at the time of assessment below the prevailing standard. In paragraph 38 a third condition was accordingly suggested, in addition to the two already laid down; and in paragraph 39 the subject was commended to the consideration of the Board of Revenue, with the remark that "it might, perhaps, be possible to lay down some standard of average rates, below which no settlement shall be confirmed in perpetuity."

7. In paragraph 40 it was further discussed whether, under certain limitations, it might not be expedient to make the land revenue, as settled in perpetuity, subject to revision, if the rise in the price of agricultural produce should, in the course of time, exceed a given ratio. In conclusion His Honour said :—"If care is taken that no settlement be confirmed in perpetuity, unless upon adequate rates of rent, and with such a condition as to rateable increase in proportion to increase of prices, the sacrifice of revenue would be mainly limited to what is legitimate, namely, the relinquishment of a share in the profits hereafter created by the investment of labour and capital."

8. This Minute was laid before the Government of India on the 12th January 1870, and on a review of what was advanced in it, the Governor-General in Council, in the Despatch above quoted, requested that the Lieutenant-Governor would "now reconsider this great question of the permanent settlement of the North-Western Provinces"; and the Right Honourable the Secretary of State approved of this course.

9. On receipt of the above orders the whole subject was referred by the Lieutenant-Governor for careful consideration to the Sudder Board of Revenue in a Despatch, of which a copy is attached to this letter.

10. The Board again referred the question for opinion to the most experienced Revenue officers in the North-Western Provinces, and the volume now submitted contains the reports of these gentlemen, together with a *résumé* by the Secretary to the Board, Mr. A. Colvin; and also Minutes on the subject by the Members—the Honourable J. D. Inglis, C.S.I., and Mr. H. S. Reid. A valuable paper is added by Mr. J. R. Reid, Settlement Officer of Azim-gurh, who enjoys peculiar advantages in considering the comparative advantages of the two

systems, since his district (otherwise under temporary settlement) contains a large number of estates permanently assessed. The reports are, many of them, of great value and interest: they contain a vast amount of valuable information, and a patient and thoughtful discussion of the grave and intricate questions involved in this correspondence.

11. It remains for the Lieutenant-Governor, as desired by the Government of India and Her Majesty's Secretary of State, to submit his own sentiments on the subject.

12. On the benefits to be anticipated from a permanent assessment of the land revenue, the views of the Lieutenant-Governor remain unchanged. These benefits, as summed up in paragraph 30 of a Minute recorded by him when Member of the Sudder Board of Revenue, dated 15th December 1861, consist of—

- “1st.—Saving of the expenditure now incurred by the necessity of periodical assessment.
- “2nd.—Deliverance of the people from the vexations prevalent at every re-settlement.
- “3rd.—Freedom from the tendency to depreciation of property towards the close of each temporary settlement.
- “4th.—Prosperity arising from increased incentives to improvement and expenditure of capital.
- “5th.—Greatly increased value of landed property.
- “6th.—Content and satisfaction among the people.”

13. His Honour has, indeed, seen reason to question whether, in the present condition of the agricultural population, the fourth of the above benefits is sensibly felt. The evidence from Azimgurh tends to show that there is no material difference in the prosperity and improvement of estates permanently assessed, as compared with those, side by side with them, under temporary settlement. No doubt, in the progress of the country, the time may be looked for when more enlightened ideas will prevail, and the owners of land will devote capital to agricultural and economical improvements. But the Lieutenant-Governor is bound to say that, as yet, there is little sign of this. The argument, therefore, under this head must be held wanting in force at the present time.

14. On the other hand, Sir William Muir has seen cause of late to attach a higher importance even than he did before to the last of the reasons above given. Wherever his camp passed through districts in which the land tax had lately been materially increased, the Lieutenant-Governor was assailed by bitter complaints of loss and hardship by the people; and it cannot be otherwise. The land-owners had during a whole generation enjoyed a certain income, and the expenses of their families and retainers had long become adjusted thereto. Now, when it was suddenly cut down, the outgoing could not readily be adjusted to the new income, and want and hardship must press somewhere. The discontent was not decreased by seeing some of their neighbours, who seemed to get along very comfortably under the old settlement, receive an unexpected increase to their income by the diminution of their payments to Government. The increase of the land revenue was followed generally by a corresponding increase of rent; and the discontented cultivators added their cries to those of the landlords. The intensity of dissatisfaction and complaint, and the urgency of great bodies of petitioners pressing around the Lieutenant-Governor on these occasions, have been quite exceptional, only equalled indeed or surpassed by the reclamations against the income-tax.

15. But while thus adhering to his conviction of the evils inherent in a changeable assessment, Sir William Muir has never advocated the limitation in perpetuity of the land revenue under circumstances which should gratuitously sacrifice the interest of Government. His advocacy of the measure in 1861 was based on the assumption that in future settlements the revenue would not “materially vary from its present amount.” This was the opinion of the Revenue Board deliberately expressed in the Administration Report for 1859. His Honour is free to admit now that the assumption was based on insufficient grounds; one premiss—the assumption, namely, of the adequacy of existing rents—was wrong, a fact unperceived at the time, but which subsequently transpired in 1869, and which forms the main subject of the papers now submitted. In point of fact, the revised assessments now in progress have resulted in a very considerable accession of land revenue, and this notwithstanding that the share of the rental which the Government now profess to take is reduced from 66 $\frac{2}{3}$ to 50 per cent. It is true that the increase is, to a large extent, due to reclamation of waste land and to improved modes of cultivation, but it is equally attributable to rise in rent.

16. It is here necessary to allude briefly to the relative position in these Provinces of the landlord and tenant, and to the nature of the assets on which the Government demand is assessed. The landlord deals directly with the tenant, and his action in enhancing rent is taken altogether independently of Government, excepting in so far as the sanction of the law is required, and then the interposition of the courts is purely judicial. The rental which the landlord thus imposes forms “the assets” on which the land revenue is assessed. The Government trusts to the self-interest of the landlord to maintain his rents at a full standard; but there are many influences at work to keep down the standard of rent, and to render its rise in different quarters very unequal.

17. The causes which act upon rent have been very fully explained and illustrated in the reports now submitted; they depend partly on the marked value of produce, partly on competition, partly on the pressure of the revenue, and partly on agricultural improvements.

18. The marked value of produce may be affected by a general rise in prices, or by a local rise in value, owing to improved means of communication. Where rents are taken in kind at a fixed proportion of crop, or by commutation at market rates, there the rise in rent, *i.e.*, in the value of the share which falls to the landlord, will be in direct proportion to the rise of prices. Where the rent is fixed in money, it may be long before the rise in prices makes itself felt on rent. There are, first, the extensive classes of privileged tenants, in respect of whom a legal process is required to raise their rents, and it is always difficult to reduce to direct proof a definite claim of rise in value. The rents of tenants-at-will are, of course, subject to no such restriction; but here usage rules, to a great extent, all over the country, and the prescriptive or customary rates of rent have a tendency to become stereotyped and to resist innovation. The problem, moreover, of the mode in which rise in price affects rent, supposing it to act with absolute freedom and directness, is not an easy one; increase in rents is certainly not in any direct ratio to rise in prices, for that of itself occasions an immediate rise in many of the expenses of the cultivator, his cattle and labourers. And whatever the legitimate increase may be, it is found to follow at a long interval, and with great variety, in different parts of the country. But it is quite certain that, notwithstanding all the conflicting elements at work, a material increase of rent corresponding in some degree with the rise of prices does, as a matter of fact, and apparently by a necessary law, follow sooner or later in the wake of the rise of prices.

19. Now, it is to be observed that this increase is altogether irrespective of the expenditure of labour or capital by the landlord upon his estate. It comes quite independently of any exertion on his part; and involves none of those motives or results which it is the avowed object of a permanent settlement to develop.

20. The next cause of a rise in rent is competition. Where little land is left to be reclaimed, and where the agricultural population exceeds the requirement of the soil, there the tendency will be for competition to take place, other cultivators being prepared to bid higher than the occupants for their fields. The same opposing influences come into play here, both as regards privileged tenures and the sway of customs, as were noticed in the case of rise in prices. And, consequently, excepting some special localities, as the vicinity of cities and very thickly-populated centres, this cause is not very active; but it does exist, and probably in the future it may become more influential and operative than it has hitherto been.

21. Here, too, the increase, whatever it may be, is irrespective of the exertions of the landlord in the way of labour and capital.

22. Another cause in the rise of rent is an increase in the revenue demand. This is based on the ancient practice under which rent (after deduction of the expenses of management and of certain dues in recognition of a *quasi*-proprietary interest) was held to be the revenue of the State. In some places the custom still survives so strongly that the cultivator pays as rent little more than the rate which is paid as revenue by the proprietors, and everywhere an enhancement of the revenue is, as a rule, followed by a corresponding enhancement of the rates levied from the cultivators. This rise occurs at the time of the settlement of the land revenue or shortly after, and is ordinarily pressed so as to raise the rental, under the prevailing settlement rule, to double the amount of the revenue assessed on the landlord. It does not, therefore, come directly within the scope of the present argument, although it shows that the margin enjoyed by the cultivator is susceptible of large enhancement, wherever the landlord is in a position to press his claim effectively.

23. Lastly, we have rise in rent arising from reclamation of the waste, and from improvement in cultivation, in the modes of agricultural appliances, manure, irrigation, etc.; this, however, is a cause which fixity of assessment was intended directly to promote. It is true that hitherto improvements are found to have been made more by the ryot than by the landlord; but such is by no means the universal rule, and, in view of encouraging the improvement of the land, this element in the rise of rent is one which (excepting in backward and ill-developed estates and tracts) the Government might consistently, under the principles enunciated in the Despatches upon perpetuity of assessment, leave out of calculation in any measures for securing its future share in the rise of rents.

24. Looking, now, to the incidence of the land revenue, as recently revised or now in process of revision, it may be remarked that the new demand has everywhere been materially affected by the rates of rent, whether high, moderate, or low, prevailing at the time of revision. This may be illustrated by the assessment of Pergunnah Baghput, Zillah Meerut, which, though a rich and flourishing pergunnah, is assessed at Rs. 2-2-1 on the cultivated acre, while the rate for the adjoining Pergunnah of Barote is Rs. 2-14-5; this is mainly owing to the low rates of rent long prevalent there, and to the impossibility of at once raising the revenue to the full pitch without injury to the agricultural prosperity of the pergunnah. The course of the Boolundshuhur settlement is also in point; the assessment was fixed there at a time of depression succeeding the drought of 1860-61, and preceding the prosperous influences which enabled the proprietors after the settlement greatly to increase their rentals. The revenue rate on Boolundshuhur is Re. 1-9-8, which is greatly below the rate (Rs. 2-1-5) of Meerut, which it adjoins.

25. There are other districts, again, which are in a rapid course of improvement from the reclamation of waste lands and opening out of communications, as Gorakhpore and Bustee (the rate on which is Re. 1-1-7), and the greater part of Rohilkund.

26. There is also another cause of variation in the pressure of the Government demand, and that is, the varying standards which Settlement Officers have set before them in assessing

the land revenue. From the nature of the work, it is of necessity that a large discretion be allowed to the assessing officer. The variations from this cause were greater in the earlier settlements than now. The work of the Settlement Officer was formerly subjected to the scrutiny of the Commissioner and Members of the Board on their circuits, but this was found to provide too uncertain a check, and one that sometimes might be applied too late. Now (within the last ten or twelve years) a preliminary report, setting forth the grounds on which the average rent-rates are determined (those rates, *viz.*, upon which the Settlement Officer is to proceed in assessing the land revenue), is submitted to the Board; and not until their sanction has been accorded to the rates, are the assessments allowed to be formed upon them. But even with this check the business of assessment is so much dependent on the idiosyncracy of the Settlement Officers, that one will be found assessing at a severer standard than another; and even the same officer himself on somewhat different standards at different times. There can, for example, be little doubt that the strong reclamations of a part of the public press against the supposed tendency to under-assess had the effect at one period of inclining the balance and of leading some officers to press their assessments to a higher point than they would otherwise have done. Again, some Settlement Officers have, as they say, "discounted the coming rise of rent"—that is, have pitched their standard rates at a level somewhat above the actual rental of the district, in the expectation that it would rise to the level assumed by them. This has been rightly discouraged by the Board of Revenue. To some extent, indeed, the principle has been admitted—that is to say, Settlement Officers have been allowed to assume, when in any tract they find a prevailing rate, that exceptional cases of a lower rating will rise to such prevailing standard; and consequently, notwithstanding the exceptions, that the higher, or prevailing, rate may be assumed as the standard of assessment. But the Lieutenant-Governor fears that in some cases the action of the Settlement Officer has gone beyond this principle. For example, in the reports now submitted, Mr. C. H. Crosthwaite states that he "feels sure his assessments are nearer two-thirds than half of the existing assets,

* Paragraph 33A.

† *Ibid.*, 149A.

i.e., of the rental as they now stand."** The same is said by Mr. Buck (though perhaps on insufficient grounds) of the assessments of Furruckabad; † so

also Mr. Ridsdale admits that his "new assumed rental is" at present in excess of the actual by 18 per cent.‡ On the other hand, the standard of assessment is in some districts admittedly low, as

‡ *Ibid.*, 159A.

in Budaon, where the revenue rate is Re. 1-3-9 (while in the adjacent district of Bareilly it is Re. 1-1-4), partly because of the principles adopted by the Settlement Officer, and partly because that settlement was made at a comparatively early period. Again, there are some districts in which the pressure of the assessment, having been made by different officers and at successive times, is heavier in some parts than in others even of the same district; such is the case in Bijnoor and Mozuffernuggur. It may be inquired why, under these circumstances, a revision was not set on foot and greater uniformity of assessment enforced. The answer is simple. The revision of a settlement deliberately made and provisionally engaged for by the people involves serious consideration. Where the rates of rent have risen since settlement, revision would hardly be fair, as the rise was enforced by the landlord on the expectation that the Government assessment would stand; and on this ground the Supreme Government agreed with the Lieutenant-Governor in confirming the settlement of Boolundshuhur, though the rates, as judged by the present rent-roll, are admittedly inadequate. In other cases, lapse of time and the inexpediency of unsettling agricultural interests have dictated the propriety of confirming settlements which might possibly have been rated at a higher demand. In a few cases, as in the eastern half of Mozuffernuggur and part of Jaloun, an entire revision has been enforced by Government; but as a rule it has been held inexpedient to disturb a settlement concluded and engaged for, excepting on the strongest grounds. The authority of the Board and of the Government is most properly exercised in controlling and guiding the action of the Settlement Officer while his work is in progress; and in this respect His Honour believes that the Board have not been found wanting. But the re-settlement of three and a half millions sterling of land revenue, spread, as it has been, even over twelve or fifteen years, is a gigantic undertaking; and from the nature of the work, as above explained, it is certain that there have been great variations in different districts, and even in different parts of the same district, as to the pressure of the revenue.

27. It should be here explained that the action of the Board referred to above is, irrespective of appeals, preferred by individual landlords against assessments, and irrespective also of the general revision of the assessments when they come, upon presentation of the assessment volumes, before Commissioners and the Board. Not unfrequently both Commissioner and the Board find occasion to interpose at these stages and to revise the demand, especially where there is any presumption of its pressing too heavily. But this action, as compared with the whole assessments, is exceptional. And, indeed, the Settlement Officer himself, by actual inspection and experience of the people and their accounts and antecedents, is, *ceteris paribus*, in a far better position ordinarily to form a sound opinion as to the proper assessment than any appellate authority.

28. In one point, however, the present re-settlements, and especially those formed within the last six or eight years, are, as a rule, greatly in advance of the settlements made thirty years ago. The materials have been far fuller and more accurate; and assessments have been effected with greater deliberation and greater attention to detailed local inspection and inquiry. The result is that the assessments are more equal in their incidence, and there is a greater

approach than formerly to conformity with the average standard rates. There are exceptions, but His Honour believes that, as a whole, the late settlements fully merit this commendation.

29. But there will unquestionably, as before explained, be in the future a great rise in rent, arising generally from the slow but certain influence of the rise in prices which has already taken place (even if it does not advance still higher), and also from competition; and further, in some places, from improved communications. This will be greater in some districts than in others. In districts where the rents have been largely enhanced at settlement to meet the enhanced revenue demand, as in Etawah, Mynpoory and Etah, the future rise will probably be less, and the process for a time at least slower than in such districts as Budaon and parts of Bijnor. And as it has been shown that this rise in assets is irrespective of the exertions of the landlord, it is only right that the State should share in the increase. The problem is, how this shall be done without the demoralizing influences of our present system of settlement—a system which taxes improvements equally with such other increase, and which induces much discontent by the sudden rise of assessment in individual cases, and the consequent sudden diminution of income.

30. It has been urged that, if we resorted to short settlements of (say) five years, the same hardship would not occur, since landlords would be always prepared for a change on their income; but the Lieutenant-Governor cannot believe that any such retrograde movement could be countenanced. Under the thirty years' settlements these Provinces have prospered in a degree that is quite marvellous, and property has attained a value and permanence which would be altogether undermined by any return to short settlements. Taking it, then, for granted that long settlements will be adhered to, is there no plan by which the fair claims of the State may be met, and the more patent evils of the present system avoided?

31. It seems to the Lieutenant-Governor that a lesson might be taken here from the Bombay Presidency. In Act I of 1865 of the Bombay Code, Section 30, it is enacted in respect of future revisions of settlement:—

"Such revised assessment shall be fixed, not with reference to improvements made by the owners or from private capital or resources during the currency of any settlement under this Act, but with reference to general considerations of the value of land, whether as to soil or situation, prices of produce, or facilities of communication."

32. This principle, of respecting improvements made by the owner, has been laid down

* Despatch dated 13th August 1851. See also paragraph 23 of Sir W. Muir's Minute dated 15th December 1861, and No. 37, Saharupore Settlement rules.

in theory in the Settlement Directions for these Provinces,* and endeavour is no doubt sometimes made to give effect to it in more marked and exceptional cases; but, as a rule, it is lost sight of, and it is probably impossible under our present

system of settlement to give to it anything approaching full effect.

33. The Bombay plan secures what is wanted. It requires the assumption, first, that at the time of settlement a fair amount of development shall have already taken place (such indeed as is already required by Her Majesty's Government as a condition for permanent assessment); and, second, that the assessment as then made was as uniform and equitable as possible. Under such conditions the causes which may, subsequently to such settlement, affect the value of property must act generally and equally upon all estates within certain limits; and consequently a rateable increase of the revenue originally assessed, proportioned to the general advance in value, would be just, because it would deal with all equally, and thus would leave to those who by their exertions and expenditure have especially improved their estates, the benefit of what they have done.

34. One of the elements mentioned in the Bombay law is "prices of produce"—a point which has been so much canvassed in these reports. It has been erroneously assumed by most of the officers who have given an opinion that under any such system the scale of prices ranging over a certain period before revision must necessarily be taken as the direct standard of increase, as, e.g., where prices are found to have risen 20 per cent. since the former settlement, then the revenue also would be increased, as by a hard-and-fast rule, by 20 per cent. This, however, is far from what is intended.

35. The object to be kept in view would be to ascertain whether throughout a division, a district or a pergunnah, or other tract with distinctive characteristics, "the value of land," i.e., its letting value, had increased. First, all the causes would be looked to which had been operative since the last settlement, in order to judge whether, *à priori*, a rise in value might be anticipated. Among these, one important consideration would be rise in prices, but it would not be the only cause, nor would it be assumed that rise in rent must have borne a direct ratio to the rise in prices. On enquiry it might transpire that the rise of 20 per cent. in prices had brought about a rise of only 8 or 10 per cent.

36. So also with the other "general considerations" contemplated by the Bombay law. A division, district, or a cluster of pergunnahs, heretofore shut out from cheap and ready communication with other parts of the country, may have been opened out since the last settlement by a railway or other new facilities of communication. It would then be a question of fact to ascertain in what ratio the letting value of land had been by these means enhanced. In combination with the rise of prices, the letting value might, e.g., prove to have risen 12 or 15 per cent. And the same would be the case with that other element in the rise of rent—competition. The actual rates of rent prevailing would be a matter of fact susceptible of evidence, for

which there would be the village accounts and the decisions of the rent court expected under this inquiry, if necessary, from landlord and tenants. The village papers may be expected under this system to be particularly valuable, for if it were known that the village rentals (putwaree's books) were not to be used as the measure of the assessment of individual villages, but simply as the means of ascertaining the general value of land and incidence of rent liability to fabrications, it is apprehended that the same jealousy of inspection and detection would not exist as at present. * There would also be other means available which could not be concealed: as the general selling price of land; if the selling price of land at the letting value by 15 per cent. since the last settlement, it would be presumptive evidence that the letting value of land had also increased in something of the same proportion.

37. It appears, then, to the Lieutenant-Governor quite possible that under certain favourable circumstances the claims of Government might be met at any future period, not by a revision of settlement as at present conducted, but by the imposition of a rateable increase. The first condition is that the division, district, or tract shall have been at the time of settlement in a fair state of development, both as regards extent of cultivated area and mode made in reference to the productive character of the soil and the natural capacities of the several estates. In such a tract suppose that by the advance in prices, competition, and general prosperity it should be found that the letting value of land had advanced, say, 12 or 15 per cent. since the last settlement, then His Honour sees no reason why the claims of the State should not be adequately met by an "all round" rise of, say, 10 per cent. in the land revenue. The amount of the enhancement might also have a direct reference to the original pressure of the settlement was greater where the settlement was admittedly a light one, and less where above the ordinary standard. Under this system it would be quite possible to consider separately and individually all cases of alleged hardship; and, indeed, it might be a part of the system that objectors should have their estates surveyed and settled on them at present.

38. As an illustration of how the system would work, Sir William Muir's analogous procedure which took place in the recent imposition of the "thirty years' cess" which was assessed in many districts prior to re-settlement. The term of the landlord had ceased and determined. The settlement was open to any conditions Government might deem equitable. In many districts proceedings for a new assessment could not at once be set foot; but every where the rise of prices and the advance since last settlement of general prosperity had so improved the value of land that it was thought reasonable at once to impose the same as an enhancement and this was accordingly done all over these Provinces. This had the same effect as an enhancement of the land revenue by a rateable percentage of one-tenth all round. Cases of hardship were treated on their own merits; and, wherever the assets were found not to work well. Now the proportion assumed, the cess was remitted. The system was found to work system here suggested is precisely the same.

39. It may also be noticed that the converse process has been applied with good effect in the cases of over-assessed districts. For example, General Sleeman, finding relief was thus granted without the demoralizing influences of a fresh re-settlement.

40. It may be objected that assessments by this system would not fall uniformly on the land; and no doubt this is true. Improvement does not go forward everywhere, *pari passu*, in various estates. In an estate which rapidly improves, the assessment gradually comes to bear a smaller proportion to the assets than in one that remains stationary, or on the contrary diverges, from that retrogrades; and thus, no doubt, the pressure of the land revenue would gradually come to be heavier in some estates than in others. In fact, as has indeed been objected, the assessment of a rateable percentage would press more upon the estates whose revenue was already heavy than on those on which it was light.

41. To this it may be replied, in the first place, that an absolute equalization is of different estates is possible only in theory. In the best of our settlements the only approximate. In the next place, it is certain that even under a temporary settlement of different estates, if even theoretically equal at the first, soon diverges, from the varying circumstances developed by time, till it becomes heavier in some than in others. This has been well brought out in Colonel Baird Smith's report, where it is urged that such divergence and variation of burden are inherent in property, and are in themselves no real disadvantage.

42. The only disadvantage, indeed, that can be urged against the proposed system is, that the Government could not claim in respect of each estate its full share of the enhanced rental; it would not get the last rupee which it might from each single estate.

43. But the State might still get the same, or very nearly the same, and to be a fair rise upon the whole. Say that a rateable increase of 10 or 15 per cent. was found

*Mr. Buck, Officiating Secretary to the Board, advocates that the village records be that every endeavour and be then taken as the basis of future settlements. The Lieutenant-Governor thinks the basis of future assessment should be used to make these valuable papers in every way reliable; but to adopt them as however, in other respects, would be the surest means of rendering them untrustworthy. Mr. Buck's paper is, however, made more accurate and suggestive, and a copy is submitted with the enclosures.

in the revenue demand of any district with conditions such as are above supposed. Instead of this increase being obtained by violent changes in the assessment of individual villages, the revenue of some greatly enhanced, and of others decreased, it would be met by the rateable imposition of the same percentage on all.

44. Now there are two patent and great advantages which would thus be secured. The first is, that the exertions of the landlord would be respected and encouraged. Labour and capital, to whatever extent invested, would be safe. They would be exempt from the special taxation to which they are now certainly exposed.

45. The other is, that the demoralization arising from the sudden alteration of the landlord's income, already noticed, would be avoided. So long as a sufficient margin is left free which an estate can be managed without deterioration, the absolute amount of profit left to the owner is of far less consequence than the *relative amount as regards past income*. In this view the half-asset rule often concedes a decrease where it is not really required; here the bounty of Government is not appreciated, and, indeed, causes a grudge in the minds of those who do not share in it; and, at any rate, it is frequently bestowed where no sufficient object (other than compliance with the half-asset rule) exists for the concession; on the other hand, a large increase of the demand, even if justified by the half-asset rule, may, by a rude and sudden stroke, destroy the fortunes of a family which had for years been resting upon the former surplus as a fixed income. The system proposed would make the change follow in a certain fixed and known proportion to past income, and would thus avoid the elements of discontent and demoralization which are inherent in our present settlements.

46. It would also add essentially to the value of property. At present, as a settlement draws near its close, the acquisition of land must be felt somewhat to resemble a lottery. It is quite uncertain what the future burdens upon it will be. In so far as the projected system might take effect, the action of the settlement, or at least its mode of action in effecting a rateable change, would be known and anticipated, and that would give a full confidence and security.

47. It is true that the system could not at once be applied to all settlements. In some districts the original settlements may have been made, as in Gorakhpore and Bundelkhnud, in such a period of backwardness that a long course of improvement might demand a re-settlement upon the merits of each estate. In others, the inequality of the original settlement in different estates might be found so great as to call for an entirely new assessment. But there would still, His Honour feels certain, remain a large number of districts—perhaps in these Provinces the majority—to which the system might be applied with success; and in the end, as all settlements become uniform in their incidence, it might be adopted as the universal rule.

48. A list of districts, so far as the revision of settlement has gone, with their former and new jummars, and the rates of the latter on the cultivated area and on the culturable area (including the cultivated), is given in an appendix. The variation in these rates will be suggestive of the course that might be pursued.

49. To sum up. When a settlement is within a few years of its close, it would be (under the plan proposed) for the Government of the day to determine whether, from great inequalities of assessment, there should not be a detailed revision of settlement.

50. In some districts the letting value of land might be found to have increased in so small a degree, and the original demand to have been so fair, that the settlement might be prolonged for a further period, or indefinitely, without change; while in others rent might be found to have so advanced, or the standard of original settlement to have been so low, as to warrant the imposition of a rateable enhancement.

51. It may be a rash thing, in view of the unknown changes and developments of the future, to hazard advice to posterity. But these suggestions are the result of considerable reflection; and the Lieutenant-Governor has felt bound to put them upon record for such possible consideration as they may be found hereafter to deserve.

52. Meanwhile, the Lieutenant-Governor thinks that the revised settlement should, as a rule, continue to be confirmed for periods of not more than thirty years.

APPENDIX A TO No. 59.

No. 1019, dated Naini Tal, the 28th June 1871.

From—C. A. ELLIOTT, Esq., Secretary to the Government of the North-Western Provinces,
To—The Secretary to the Board of Revenue, North-Western Provinces.

REFERRING to a previous correspondence on the subject of the Boolundshuhur settlement, I am directed to forward copies of a Despatch, No. 276, dated 26th May 1871, from the Government of India.

2. It will be observed that the Governor General in Council has acceded to the views of the Lieutenant-Governor in respect of the practical course to be followed, and His Honour, acting on the permission given in paragraph 9, has been pleased accordingly to confirm the settlement for thirty years,—that is, to the close of 1888-89. You will be separately addressed in respect of certain estates the proprietors of which accepted a higher assessment, on the understanding that it was to be permanent.

3. As regards the taking of engagements for cesses, I am to say that the Lieutenant-Governor has requested a reconsideration of the orders conveyed in paragraph 17, and the result will be communicated to you hereafter.

4. Meanwhile, I am to invite the attention of the Board to the strictures of the Government of India, not only as regards the existing conditions laid down by Her Majesty's Government for conceding a permanent assessment of the land revenue, but also as regards the established principles of temporary settlements. A few remarks are here offered, mainly as indicative of the points on which the views of the Board are invited.

5. *First.*—On the conditions for a permanent settlement.

On 13th February 1869 the difficulties in the way of applying the prescribed rules for permanent settlement to the Pergunnah of Baghput, Zilla Meerut, were submitted to the Government of India. From various causes the standard rent was found to be greatly below that prevailing elsewhere. A full jumma, Mr. Forbes showed, would at these rates be about £24,500. The old assessment was £14,800, and Mr. Forbes believed that for the present it could not safely be raised higher than £21,000. His Honour thought that, where the full assessment could be imposed within, say, seven years, such full assessment might be assumed as the basis of permanent assessment, on the ground that rents would before long rise in this pergannah "to the standard prevailing elsewhere."

6. The extraordinary and sudden rise of rents in Boolundshuhur led the Lieutenant-Governor subsequently to take a wider view of the question; and the subject was discussed in

* Submitted to the Government of India on 12th January following. His Honour's Minute,* dated 22nd December 1869, in which instructions were solicited from the Government of India.

7. It was pointed out that the conditions on which the formation of a permanent settlement was conceded by Her Majesty's Government were defective in not providing for the contingency of rents being at the time of assessment below the prevailing standard. In paragraph 38 a third condition was accordingly suggested, in addition to the two already laid down, by Her Majesty's Government; and in paragraph 39 the subject was commended to the consideration of your Board, with the remark that "it might perhaps be possible to lay down some standard of average rates, below which no settlement shall be confirmed in perpetuity."

8. In paragraph 40 it was further discussed whether, under certain limitations, it might not be expedient to make the land revenue as settled in perpetuity subject to revision, if the rise

+ Not simply of "grain," as stated in paragraph 33 of the present letter of Home Department. in the price of agricultural produce should in the course of time exceed a given ratio. In conclusion

His Honour said: "If care is taken that no settlement be confirmed in perpetuity, unless upon adequate rates of rent, and with such a condition as to rateable increase in proportion to increase of prices, the sacrifice of revenue would be mainly limited to what is legitimate, namely, the relinquishment of a share in the profits hereafter created by the investment of labour and capital."

9. On a review of what was thus laid before the Supreme Government, His Excellency in Council has requested that the Lieutenant-Governor "will now reconsider this great question of the permanent settlement of the North-Western Provinces." In complying with this request, His Honour trusts that he will receive the benefit of the Board's advice.

10. In addition to what has been said above, the Lieutenant-Governor will at present only suggest the further consideration whether the transition state, the results of which have been so marked in Boolundshuhur, can be said to have been passed in any part of these Provinces. As stated in paragraph 21 of the Minute above quoted, under "ordinary circumstances (where, at any rate, a revision of settlement is not in immediate prospect), proprietors may be trusted from self-interest to raise the rates as high as cultivating profits, limited by custom, will admit"; but the process is gradual. It is probable that the extraordinary and sudden causes which wrought in Boolundshuhur have been operative in a similar manner (though in various degrees) in other parts of the country. But it cannot be said that the operation has anywhere ceased, and in some parts (as Rohilkund and Gorakhpore) it is probably as yet in great measure prospective. When the limit has been reached, of assertion of his rights on the part of the proprietor as against the cultivator, supported by custom and law, a season of comparative equilibrium may be expected. This of course can be tested only by the lapse of some years. And until this shall have come to pass, it may be unwise to advocate a final fixing of the Government revenue. In reference to these remarks, the Board will consider whether in their view such an equilibrium has been anywhere reached, or whether, on the contrary, it is not rather to be assumed that the transition period has not been as yet fully passed through in any tract of country in these parts.

11. In paragraph 31 the Governor-General in Council has further suggested that as an increase of assets from canal-irrigation has been admitted a valid reason for refusing a permanent settlement, so also the introduction of railways, markets, or other public works, ought equally to be a bar to permanency. The two classes of causes are, however, essentially different: the one increases produce; the other, under certain circumstances, increases prices. The latter would no doubt, to some extent, be met by the provision already proposed for allowing a revision of the permanent assessment in districts in which, from any causes (such as the construction of railways or other works, as well as from a fall in the value of money), prices might be shown to have risen above a certain ratio.

12. *Secondly.*—I am now to pass to the criticisms of the Government of India on the existing system of assessment as applied to temporary settlements for a term of years. It is suggested that there must be “something essentially faulty in the existing system of assessment.” Endeavouring to reduce to distinct charges the various points of objection (some of which are rather hinted at than directly expressed), they may perhaps be assumed as follows:—

- I. The standard of assessment is inadequate, and of proprietary profits excessive.
- II. The State should not suffer in its revenue because certain classes of the ryots are protected.
- III. Government is shut out from profiting by rise of rent within the term of settlement.

13. In respect of the first, it will be observed that the settlement of Boolundshuhur is

* The miscalculation runs equally through the speech of the Honourable Mr. Strachey. It is stated that the present revenue is 35 per cent. of what the full revenue should be, that full revenue being taken on Mr. Daniell's calculation at £141,000. The rental is therefore assumed at £282,000. But the present revenue is £123,000, which is 44 per cent. (and not 35 per cent.) of the assumed rental. The gross rental is believed to have increased about 14 per cent. since the assessment was made, and the full revenue would therefore be, as stated in the Minute of December 1869, 14 per cent. higher than that assessment. The Government of India seem to have erroneously assumed that this is the same thing as to say that the assessment is less by 14 per cent. than 50 per cent. of the assets, i.e., that it is 38 or 35 per cent. of the rental.

taken as the normal type of settlements in the North-Western Provinces. It is alleged that Government “is obtaining only about 35 per cent. of the rental of land”; and it is said “that the amount of the revenue is so small, is a consequence of the system of settlement followed generally in the North-Western Provinces; it is not the result of specially faulty proceedings in this particular district.” It will be for the Board to show whether such was the case, or

whether the inadequacy (the ratio of which is, moreover, overstated*) was not rather the result of causes which happened to be at work in Boolundshuhur with singular activity in the interval which has elapsed since the settlement, and which have affected other settlements in a very modified measure, some perhaps not at all.

14. The strictures of the Governor-General in Council seem to be based on the failure of the present system to reach potential increase of rent developing subsequent to the settlement, rather than on the inadequacy of the “half-asset” standard. But, as the Beard are aware, this standard has been impugned in the Legislative Council, and it will be open to them in their reply to give their opinion as to the adequacy of the standard itself, and the general appropriateness of the assessments resulting from its application.

15. The second objection is thus stated: “It can hardly be fair that the State should be unable to obtain its fair share of the assets of the land because tenants are well protected, or to say that for each rupee by which the existing revenue falls short of the amount to which the Government is entitled we ought to force the actual cultivator, who may be a tenant with occupancy rights, to pay two rupees to the landlord.”

16. It may be observed that the remarks of the Lieutenant-Governor on which this stricture is founded did not refer specially to the case of “protected” ryots, but to a district in which the “prevailing rates” or “level of rent” for all classes was unduly low. It was assumed that these would, by the natural process of self-interest, rise to the prevailing level, or to what His Honour has termed “a fully-developed rental.” On this His Excellency in Council remarks:—

“This, however, is a remedy which could hardly be fully applied, unless it were admitted that it is desirable, in the interest of the State and of the public, that tenants should pay generally the highest possible rents; that the restrictions placed by law or custom on the power of a landlord to increase his rents should be done away with, and that the rights of occupancy should cease. The Lieutenant-Governor, whose views on these subjects are well known, would be the last person to approve of any such conclusions.”

17. The Board will not fail to perceive that the term “fully-developed rental,” as used by the Lieutenant-Governor, has been misapprehended by the Government of India; for His Honour by that expression meant only a rental equal to, and not abnormally below, the average rate of rent paid by similar tracts of land in the same or neighbouring districts, or the average rate which would be reached if certain exceptional causes tending to abate the rental were removed. But such a rental would be limited both by recognized rights, by custom, and by law.

18. His Honour is further, as the Board are aware, of opinion that the existing law does not admit, with sufficient freedom, of rent rising naturally. The protected classes are, to a great extent, by Act X (1859), a law to themselves,—that is to say, the rent of any member of a protected class can seldom be raised otherwise than to the level of the rates prevailing in such class; whereas (in the Lieutenant-Governor's opinion) their rents should be permitted to rise in a ratio having some proportion to market rates. The rule also defining protected tenancies is too favourable to the tenant. A project of law for remedying both these defects was passed by the Lieutenant-Governor some years ago, but, as the Board are aware, was not favourably received by the Government of India. If an enactment, such as was proposed, had been passed the level of rent would no doubt already have been higher throughout the country, and the Government revenue based thereon also higher.

19. Recurring now to the imputation of “essential faultiness in the existing system of assessment” as applying to “protected” tenants, it is not quite clear in what direction His

Excellency in Council contemplates a practical remedy. It can hardly be in that of any direct assessment on the protected ryot by the State of an additional demand representing the share of the revenue held back by him, i.e., a partial ryotwari assessment.

20. His Honour takes the meaning of the Governor-General in Council to be that where cultivators are protected, and consequently pay lower than market rates, there the revenue should nevertheless be assessed on the proprietor as if full market rates were received by him. It will be for the Board to consider how far the existing rules may be rendered more effective for attaining this object. To a certain extent they do already attain it,—that is to say, the "average rates" of prevailing rent are carefully considered, as well as actual rentals, and such rates do already, in point of fact, influence the assessment. Where, also, there are classes of specially privileged (or *quasi*-proprietary) cultivators intercepting a part of the customary rent which would otherwise reach the engaging proprietor, the revenue is nevertheless assessed at its full rate. If the rules now in force are not sufficiently decisive and explicit on this point, it will be for the Board to propose an amendment. But the danger (which will be further noticed below) must be kept in view of assessing upon a theoretical assumption of inadequate rents, whether such inadequacy be assumed to arise from general or from special causes.

21. There is another branch of the question which perhaps deserves attention, namely, the necessity for the deduction of a full half of the assets in the assessment of large talookdars, and also of imperfectly cultivated tracts. This consideration applies probably with greater force to other Provinces than to the North-Western Provinces, but it should not for that reason be left out of sight by the Board.

22. *First*.—As regards large talookas, those parts of the land may be eliminated in which sub-proprietary rights have been recognized, for there the half-asset margin is clearly not more than sufficient to meet the requirements of the double class of proprietors. But where subordinate rights have been stamped out, and a large rental is realized with little risk or expense, it might be questioned whether the sacrifice of half the rental is necessary. The Lieutenant-Governor is not prepared to say that a differential standard could be maintained, especially in these Provinces, where such properties are comparatively rare; but as the first principles of our settlements have been now called in question, it may be advisable to consider whether any change is possible or desirable. It should be borne in mind that such estates are liable to disintegration; and that the settlement must be so framed that their component parts, if held separately, shall stand and prosper under the quota of revenue for which they are responsible.

23. *Secondly*.—Backward and partially-developed tracts are rare in these Provinces, and where they do exist to any extent—as in the Terai, Singrowlie, and the hills—the system is different, the occupants of the soil being dealt with more directly than elsewhere. At the same time it might be well, by way of precaution, with greater distinctness, to declare the principle that the rule of settlement at half the assets does not apply to imperfectly cultivated and backward tracts.

24. Before quitting this part of the subject, I am to remark that the real difficulty, as it appears to His Honour, which has been so clearly brought out in the Boolundshuhur settlement, is not occasioned by the inadequacy of "well-protected" rents; but, on the one hand, by the apprehended inadequacy of the general standard of rent prevailing at the time of settlement, and, on the other hand, by the danger of assessing additional revenue on the assumption that the standard of rent will shortly rise (as it actually did in Boolundshuhur) and become fully developed long before the term of settlement closes. His Honour confesses that, for the reasons stated in his Minute of 22nd December, paragraph 21, he cannot see a full remedy. Settlement Officers do even now, to some extent, assess upon an expected rise of rent where there are evident signs that such a rise is approaching; and it is notorious that a rise in the revenue demand is almost invariably followed by a corresponding rise in rentals. But there is evidently a danger in the general application of any such principle: for frequently "the measure of anticipated enhancement, or the certainty of any enhancement at all, must, under such circumstances, rest on mere hypothesis; and such assessment upon speculative assets might seriously depress and injure the proprietary interest. It would therefore be dangerous to allow the assessing officer to leave the hard ground of current standard rates, and, speculating on an expected enhancement, to rate his assessments upon such expectations." Still, under certain limitations, and with the safeguard that now exists, of the assumed average or standard rates being first reviewed and sanctioned, pergunnah by pergunnah, by the Board, some license in this direction might be expressly permitted to Settlement Officers, as, indeed, it is already practically taken by them; and, such being the case, it is for the Board to consider whether the principles on which such anticipation of rise in rent is admissible should not be distinctly laid down for their guidance.

25. *Thirdly*.—The third objection appears to be that Government is shut out for a long-term of years from the increased value which may accrue to land from causes other than those dependent on the labour and capital of the landholders. These are explained in paragraph 31 of the Despatch. That paragraph applies immediately to permanent settlements; but His Honour gathers that, in the view of His Excellency in Council, they apply also, to a great extent, to temporary settlements, for at paragraph 25 it is stated that "the reasons which have been assigned by the Lieutenant-Governor for the opinion that the existing conditions for a permanent settlement are insufficient, seem also to apply, to a great extent, to the conditions under which settlements in the North-Western Provinces are made for a term of thirty years."

26. On this subject His Honour would wish the Board to refer to the correspondence

* See Board's address, dated 14th February 1860. between the Board and Government in 1860; on the question as applicable to increase of assets from

canal irrigation. The liability is admitted in this respect and will perhaps, to some extent, be met by the "landlord's rate" on the increasing area of irrigation. But, as already noticed, there is a broad distinction between this and the other causes of increased value indicated in paragraph 31: the former increasing the *produce* in a definite and ascertainable measure, the latter increasing chiefly the *value* of the produce. It will be for the Board to consider whether any such condition as should leave the assessments open to fresh increase of taxation during the term of the settlement, in consequence of the diminished value of the precious metals, or the opening of railways, roads, and markets, would be compatible with the secure and fixed value of property for a term of years which is the cardinal basis of the existing system of settlement. It may be questioned whether the Doab, for example, would have reached to its present prosperity under such a system during the recently expired settlement; for each and all of the causes indicated by the Government of India have successively exercised a direct and powerful effect upon that tract during these thirty years, and each (under the supposed conditions) would have warranted the Government in stepping in and imposing an increase on its demand.

27. The Lieutenant-Governor has on the present occasion confined himself mainly to indicating the several questions raised by this important Despatch. His Honour need not add that he looks with confidence to the Board to consider with earnestness and impartiality the various subjects thus propounded for discussion. His Excellency in Council has himself enjoined the necessity of extreme caution. On the one hand, we have to consider a system which has been built up by the labours of some of the most eminent men whom India has seen; we are bound to confine our suggestions to that which is practical, and which will conform itself to the state of property indigenous in these Provinces, and as confirmed or modified by the course of nearly three quarters of a century's legislation; we are bound also to consider the prosperity of the country and its ability to resist misfortune of season; and, above all, to remember that the maintenance of a contented and substantial peasantry and proprietary is a condition that must take precedence of every other. On the other hand, we are bound unprejudicedly to consider whether the Imperial revenues are in any respect unnecessarily sacrificed and, if so, to the best of our ability to provide a remedy. His Honour is sure that the Sudder Board of Revenue will not be found wanting in the proper treatment of this momentous question.

APPENDIX B TO No. 59.

DISTRICT.	Number of Pergunnahs in the district.	Number of Pergunnahs assessed.	Revenue of former settlement (cesses).	Revenue of present settlement (cesses).	RATE OF REVENUE OF FORMER SETTLEMENT.		RATE OF REVENUE OF PRESENT SETTLEMENT.		REMARKS.
					On onculturable area.	On cultivated area.	On onculturable area.	On cultivated area.	
			R.	R.	R. a. p.	R. a. p.	R. a. p.	R. a. p.	
Sabarunpore .	15	15	11,00,079	11,65,559	1 3 9	1 13 0	1 4 2	1 9 5	
Mozaffernuggur .	17	15	10,32,721	10,81,215	1 7 11	1 14 9	1 8 2	1 14 4	
Meerut .	16	16	18,26,139	21,84,675	1 7 8	2 1 10	1 11 1	2 1 5	
Boolndshuhur .	13	13	11,13,685	12,51,658	1 1 11	1 10 4	1 3 3	1 9 8	
Allygurh .	14	14	18,48,575	21,46,794	...	2 3 2	2 1 8	2 6 3	
Bijnour .	15	15	11,82,020	11,78,901	1 11 1	2 8 3	1 4 8	1 10 1	
Budaon .	11	11	9,28,225	10,29,445	0 15 8	1 7 3	0 15 2	1 3 9	
Bareilly .	13	13	13,78,320	16,62,669	1 6 3	2 0 1	1 8 10	1 14 0	
Phillibhest .	3	3	3,11,362	4,12,052	0 10 7	1 8 1	0 13 7	1 8 10	
Shahjhaunpore .	12	11	9,40,249	11,21,911	1 3 7	1 11 5	1 4 8	1 10 4	
Furrakabad .	16	16	11,25,359	12,45,736	1 8 8	2 2 8	1 8 6	1 14 3	
Mynpoory .	11	11	11,21,017	12,76,260	1 12 3	2 2 10	1 12 0	3 1 7	
Etawah .	5	4	9,81,178	10,95,953	1 15 7	2 11 11	1 13 11	3 8 8	
Etah .	14	14	7,32,461	9,39,220	1 0 7	1 9 8	1 3 7	1 8 6	
Allahabad .	14	7	8,06,130	10,37,721	1 13 8	2 3 5	2 3 3	2 11 0	
Jaloun .	7	5	5,97,611	5,95,864	1 7 11	2 0 11	1 2 3	1 5 9	
Jhansi .	6	6	5,56,825	4,59,074	...	...	0 12 5	1 3 11	
Lullnptore .	7	7	1,52,764	1,33,992	...	...	0 2 5	0 7 10	
Goruokpore and Bustee .	19	19	20,82,599	23,34,183	0 11 5	1 1 1	0 13 1	1 1 7	
Azimgurh .	14	7	7,38,894	9,25,587	1 10 2	2 4 1	1 11 4	2 3 5	

C. A. ELLIOTT,
Secretary to the Government of the North-Western Provinces.

APPENDIX C TO No. 59.

Dated Azimgurh, the 26th August 1873.

From—J. R. REID, Esq., Settlement Officer, Azimgurh,

To—His Honour the LIEUTENANT-GOVERNOR of the North-Western Provinces.

Your letter of the 18th reached me on the 21st. Before replying I wished to make inquiry about one or two points, otherwise I should have written to you at once.

As you are aware, the permanently-settled pergunnahs are situated in the extreme east corner of the district. Settlement operations began on the south of the district, and have progressed round it from west to east. Hence it is only lately that we have come near the permanently-settled pergunnahs. Pergunnah Sikunderpore and Budaon contain only permanently-settled villages, and we have not entered them. Pergunnah Nuthoopore contains 103 permanently and 218 temporarily settled villages. In accordance with the permission given by you in May 1872, all the villages of Pergunnah Nuthoopore were surveyed last season (1872-73). The statistical statements, etc., that are required for assessment purposes are now being compiled from the survey records, and I hope to be able to inspect the pergunnah this cold season, village by village, and assess the temporarily-settled estates. I shall of course make as careful and elaborate an inquiry as I can into the comparative condition of the two kinds of estates.

What I say below, therefore, is not based on a detailed inspection of a large number of permanently-settled villages. There are a few such villages scattered throughout other pergunnahs besides those named above. Some of these detached villages I have inspected. Rogers has inspected others. Mr. Vaughan, who had charge of the survey of Nuthoopore last cold season, has of course visited many of the villages of that pergunnah, and I have during my stay here made many inquiries from intelligent natives, official and non-official, about the two systems of settlement. The opinions I now state are the expression of the impressions I have derived from these sources.

I at present decidedly believe that there is little difference in the effects of the two systems of settlement upon the land and people.

In many permanently-settled estates in Nuthoopore, Sikunderpore, and Budaon the profits that accrue to the zemindars are, with reference to the land revenue, very great. Settlement was made when of the culturable area of many villages very little was cultivated. I cannot give you details of area, but the jummas of the following estates will speak for themselves:—

The jumma of Talooka Futtehpore in Pergunnah Nuthoopore is Rs. 1,027. The assets now are not less than Rs. 10,000.

The jumma of Talooka Doobaree in the same pergunnah is Rs. 3,571. The assets are not less than Rs. 24,000.

The jumma of Sonadeeh in Pergunnah Sikunderpore is Rs. 51. The assets are at least Rs. 4,000.

Not having the eanoongoe and papers of Pergunnah Sikunderpore here, I cannot give you the jumma and assets of the whole of Talooka Awaiyan. But half of the village of Pursia in Pergunnah Nuthoopore belongs to the talooka. Its jumma is Rs. 17-8, and the assets are Rs. 600. The profits from the whole talooka are not relatively so enormous, but they are well known to be great.

Illustrations might be multiplied. These are given because they will be used again.

According to theory, one should find estates like these in the most flourishing condition, with all manner of improvements introduced, and zemindars very well-to-do and most liberal to their tenants.

But in fact, in riding through these villages and through the pergunnahs generally, you would not detect anything in the appearance of the people and land, in the number of wells and other means of irrigation, the kind and look of the crops, the size of the houses, the air and condition of the people and cattle, to make you suspect that the zemindars enjoy a different tenure from their neighbours of similar caste and condition in temporarily-settled estates. There is as much capital laid out and industry bestowed on the land in the one set of estates as in the other. It may be said that so much land has been brought under cultivation in the permanently-settled villages, because of the permanency of the tenure. I do not think so. In some of the temporary-settled pergunnahs of the district, the cultivated area since last settlement only has increased *on the average over the whole pergunnahs* 30 and 40 per cent., and extension of cultivation in this part of the country, where unirrigated crops come to little, means an increase, more or less, in the number of wells. I tried to explain in the letter sent to the Board about settlements to which you refer, that the people in this district generally are so destitute of capital, and the land is so much subdivided, that large and sudden improvements are not possible, while the pressure of population compels a gradual extension of cultivation and the carrying out of works, such as the sinking of wells, settling of hamlets, and the like, which are necessary to profitable husbandry. There are some rather large proprietors in the permanently-settled pergunnahs; but I cannot learn that any one of them has laid out much capital in the improvement of his estate. There are not many in other parts of the district; and, with the exception of Mr. Martin, a European grantee, I have never heard of, or seen, any considerable improvements that they have effected. The disposition to improve either in permanently or temporarily settled estates is not, I suspect, affected by the tenure, and belongs to the individual, not to his class.

I have said that in the permanently-settled pergunnahs are some rather large proprietors. Of these some are hereditary proprietors; others the descendants of persons who purchased at sales for arrears of revenue in the early days of English rule. The condition of the large proprietors is similar to that of large proprietors all the world over: some are well-to-do, others the opposite.

The Talooka of Futtahpore mentioned above was the property of one man. Recently it has been sold at auction, all except one or two villages. The price realized at the sale is far below the value of the estate, simply because there are many mortgages and incumbrances, incurred by the late proprietor, to be paid off before the purchaser can obtain full possession.

The hereditary Talooka of Awaiyan, the property of one man, has also recently passed by sale into the hands of a stranger.

Baboo Deokeenundun, of Benares, was proprietor by purchase at auction for arrears of revenue of a fine estate in Pergunnah Sikunderpore. A large part of it has been sold in consequence of his mismanagement.

The estate of one of the two surviving sons of the late Gunga Singh, who was the most influential talookdar in Pergunnah Sikunderpore, is irretrievably involved.

No more instances of this sort are needed. Numbers are to be met with in every district, whether permanently or temporarily assessed. The permanency of the settlement, joined with very large profits, no more saves individuals like those mentioned from extravagance and ruin than, independent of large profits, does it make others well-to-do.

A considerable part of Pergunnah Nuthoopore is held by communities. They are Misr Brahmins and Muls (or Koonbees). The circumstances of these communities also vary; the Misr and Muls of Suknour are very well-to-do. Some of their villages are permanently settled, others temporarily. Their villages, especially those of the Muls, are in excellent order. But as much care is given to cultivation in the temporarily-assessed villages as in the permanently-assessed. The villages of the Muls of Sultanpore are temporarily assessed. They are in a high state of cultivation, the people are well-to-do, and the Government revenue is punctually realized. The Muls of Injaulee hold a permanently-assessed estate, and are industrious cultivators. The jumma of the estate, too, is light, yet they are in difficulties, and the revenue is got in with much delay. The village of Sonadeeh, spoken of above, was held by Koour Rajpoots. They hold now only 1½ or 2 annas of the estate. In spite of the enormous profits from the estate, the rest of it has been sold to a number of strangers. It is the same story as is to be heard in the temporarily-settled pergunnahs; some communities flourish, others fail, irrespective of the revenue, and in the permanently-settled pergunnahs apparently irrespective of the tenure.

By law there is a class of cultivators at fixed rates in the permanently-settled pergunnahs which does not exist in the temporarily-settled pergunnahs. There are, I believe, a considerable number of tenants at fixed rates in Pergunnah Sikunderpore. But, as to ordinary tenants, I cannot learn that they are generally in better circumstances, or are more liberally treated in the one set of estates than in the other. I know no zemindar in this district, whether in the temporarily or permanently settled pergunnahs, who has yielded, or is disposed to yield, more to his tenants than the law requires, and the great majority of zemindars would not yield even that if they could help it. The character of their own tenure under Government does not, I believe, affect their bearing towards their tenants. According to up-bringing and natural disposition, some are harsh, others are gentle; but the zemindar under the one system is necessarily no harsher or gentler than that under the other.

I much regret that I cannot give you a statement regarding the comparative selling price of land in estates of both kinds. The transfer statements for Nuthoopore have not yet been compiled. But it is a matter of notoriety that the price of land in the permanently-settled villages is much greater than in the temporarily-settled. The profits being so large in reference to the revenue, it could not be otherwise. In this connection I venture to say that the issue in discussion about the effect of a permanent settlement of the land tax seems to me to be often closely drawn; and, if correctly drawn, it is not easy of proof. Suppose that there were a difference for the better in the average condition of land and people in pergunnahs permanently settled, as compared with those that are temporarily settled, it would not follow that the effect is due merely to the permanency of the jumma, independent of the immense profits that a settlement made in a very undeveloped state of the country has enabled the landholders to secure. In permanently-settled estates in which the landholders' share of profits has increased inordinate-ly, a better condition of things as respects land and people might naturally be looked for than in estates of the same tenure in which the profits are less. The more profitable the estate has been, the greater should have been the amount of capital and labour expended upon it. This point would need to be cleared up. Suppose that it were found to be as has been assumed; then, to estimate the effect of the permanency of the assessment alone, it would be necessary to examine the history only of estates of both kinds which started at the same time, under similar conditions of jumma, soil, irrigation, population, etc. This would be no easy task; extension of cultivation and enlargement of profits like those which have taken place in many permanently-assessed estates are not possible in most estates that we may now wish to settle permanently. To calculate the consequences on the land and people of declaring permanent the revised assessment on such estates, we ought to take note of the effect of the permanent settlement in those villages only in which there was little room left for development at the time of settlement.

The last jummars that I gave out, those of Pergunnahs Kourea and Atrowlea, were well received. The enhancement on the old jumma was over 20 per cent. But the enhancement in Pergunnah Nizamabad was the cause of much outcry, and has, I am very sorry to feel, estranged the people a good deal from me. I am satisfied that I have not taken more than the

prescribed share of assets; in many cases I have taken less. But an enhancement of 32 per cent. must cause hardship at first. Had the rule of *russudee* jummars come out in time, I should have used it in Pergunnah Nizamabad. But the revenue has been collected this year, and I fear that again to unsettle the minds of the people would be a greater evil than the hardship that could now be relieved by a *russudee* jumma. How to deal with cases of severe enhancement is a difficult question. The *russudee* jumma rule gives, after all, only a slight alleviation of the landholders' trouble. Government must in many cases be content with less than the prescribed share of the rental. With reference to the circumstances of many estates, I have not taken more than 40 per cent. of it. Even then the enhancement is often great. I most earnestly hope that the people of this district will never again have to pass through another settlement like the present. And in writing to the Board regarding settlement, I said that if the papers which we have now prepared be kept up, a ten-yearly revision of the assessment might be made without much hindrance to progress. I have indicated above why extension of cultivation, so far as it is now possible, is not likely to be much impeded in this part of the country by periodical revision of the jumma, while carefully-framed rules could protect those who had not at the time of revision recouped from the profits of the land any capital laid out upon it.

APPENDIX D TO No. 59.

Note by E. C. BUCK, Esq., Officiating Secretary to the Board of Revenue of the North-Western Provinces, on the maintenance of correct agricultural records.

The enormous expense which the settlements of districts have of late years involved, as well as the protracted terms which they have occupied, are due not so much to the process of assessing revised revenues as to the necessity which has been found for the thorough re-casting of village records and registers, and for the re-measurement of field areas.

The necessity for the expenditure on these two branches of settlement work has arisen partly from the inaccuracy of former measurements and surveys, and partly from the almost entire absence of any efficient system of maintaining correct records from year to year.

The present settlement operations have in some districts already furnished, and in other districts will shortly furnish, a complete, and for the time an accurate, series of maps and records.

But the records will become useless, and their rectification will periodically entail the same expenditure which has been incurred now (whether the present assessment be of a temporary or permanent character), unless a careful system be introduced of keeping them corrected in accordance with the changes of each year.

Some idea of the cost of the re-casting of records may be gained from the following figures:—

Mynpoory contains 1,096,736 acres, and its settlement has cost Rs. 3,89,496.

Furruokabad contains 1,102,138 acres, and its settlement has cost over Rs. 4,00,000.

Settlements consist of three main classes of work—measurement, assessment, and re-casting of records.

Measurement costs nearly Rs. 100 per 1,000 acres, inclusive of officers' salaries, i.e., about Rs. 11,10,000 in the examples given.*

* Mynpoory : : : : 1,08,600 Rs. Inspection for purposes of assessment costs considerably less than measurement. The charges for Furruckabad : : : : 1,10,100 measurement and inspection are therefore less than one-half and re-casting of records more than one-half the total cost.

It may safely be assumed that the revision of records has cost not less than two lakhs of rupees for each district, and that for the whole Province a charge of seventy or eighty lakhs will have been incurred in the revision of records alone.

I am aware that the Board of Revenue have already taken under consideration the question of the maintenance of annually corrected records; and I believe that I am right in stating that Mr. Inglis, when Senior Member of the Board of Revenue, strongly urged the importance of deputing the supervision of village statistics to a special subordinate staff. Mr. Reid, now officiating as Senior Member of the Board, has prominently noticed the whole question in his Note on permanent settlement, and has elsewhere insisted on the necessity for giving to the matter the most serious attention.

There is no doubt that there is little hope of maintaining correct annual records without some addition to the present staff of our *tuhseelee* establishment, but I would also question whether the work to be performed under the superintendence of this special staff will be uniformly and effectively carried out if committed to the charge of a large number of Revenue officers, whose action in such matters must always be unequal, and whose responsibility regarding work which cannot, from its nature, be summarily executed, is greatly weakened by the changes which necessarily occur in the covenanted staff of each district from time to time. I feel sure that the present proposals cannot be properly carried out, unless the responsibility is concentrated, and I would suggest for the purpose a Junior Secretarship under the Board of Revenue.

It is a fact that records are not kept up to date at the present time, though stringent

orders exist requiring Collectors to correct them. These orders are not carried out, partly on account of inefficient machinery, and partly on account of the other reasons stated in the last paragraph; and this is the case even in districts which have lately been under settlement, and in which records were handed over to the Collectors lately reconstructed at an enormous expense.

I advocate the permanent employment of a special officer under the Board of Revenue for the supervision of the maintenance of records, in whom the responsibility should be concentrated.

The work, like that of settlement, is of a separate and special character, and complete in itself; it must be carried on doubtless by the *agency* of district officers; but, as in the case of police and excise, its performance must be made uniform, and its results condensed through a single channel.

I divide the work that has to be done under three heads:—

1st.—The supervision of the agency to whom the maintenance of correct village papers is entrusted, with the main object of securing an accurate record of occupation and rents.

2nd.—The provision of an annual series of agricultural statistics.

3rd.—The efficient instruction of the putwarees, or village accountants, who form the working machinery by which the above objects must be attained.

I will give a rough and brief sketch of the method which I think should be adopted for the preparation of annual records.

It is impossible for any village papers to be correctly kept up from year to year without an annual field-to-field visitation on the part of the putwarees, or village accountants.

In making this statement, I have the support of a large number of Settlement and Revenue officers whom I have consulted on the subject. The Punjab rules lately published rightly insist upon the same point.

The basis of the village papers should, then, be a form in which the fields are entered in the order in which they occur upon the map—in Settlement phraseology, a “*khusrahwar*” form,—and not, as at present, in a form in which the fields are arranged according to their position as part of the cultivator’s holding. The latter would be retained, but in a subordinate position. The former bears to the latter much the same relation that a day-book does to a ledger, and it would be just as difficult for a putwaree to enter the constant changes in his village in a jummabundee or ledger form, as for a busy tradesman to enter his receipts directly in his ledger instead of his day-book.

Without a form in which fields are arranged according to their local position, it is impossible to hope for a field inspection from a putwaree, and without a field inspection it is impossible to hope for a correct record.

One of our best Deputy Collectors (Imdad Ali) insists most strongly on this point, and is firmly convinced that, if it is not done, our records must fall again into utter confusion. I quite agree with him.

The time required for the preparation of such a form will not be great. In Cawnpore each putwaree has about 1,000 fields in his circle, and, as I have proved that a good ameen can easily record statistics of 150 fields in a day, a putwaree should certainly be able to manage 100 in a day, at which rate he would complete his circle in ten days.

The record which he will thus form by actual inspection will be the basis of the whole series of village papers, and it will be the record which will be specially subject to attestation. It will contain the name of the owner and the cultivator of each field, the crop which is growing in it, and the fact of its being irrigated or not.

The examination of the entries in such a record can be made by the testing officer, map in hand, with great ease and despatch, and this is a very great object to secure.

Mr. Reid has remarked that agricultural statistics, if honestly collected, will be useful at succeeding settlements. They will simply be invaluable.

At present a Settlement Officer, in order to complete the inspection of one district in three or four years, has to make a hasty tour through at least two or three villages each day. Such a rapid inspection merely gives him an opportunity of guessing hurriedly at the capability of each tract through which he passes.

The fraud of zemindars, or the accident of an exceptionally good or exceptionally bad season, may lead him to form completely erroneous ideas of the quality of the land. This circumstance is indeed a strong argument against a permanent settlement at the present time. Our assessments have been made on the basis of rapid inspections and incorrect records. We have had no agricultural information as to crops and irrigation, except what has been founded on the data hurriedly noted at the time of measurement. I know this as a Settlement Officer myself, and I have heard many other Settlement Officers say the same. I will give a fact in illustration of my meaning. In the year of measurement 3,000 acres were noted in a certain tract as bearing Indian-corn, which is one of the test crops of good land (for only the best land bears Indian-corn). Next year I employed a special staff to register the crops on the same tract: 6,000 acres were proved to bear Indian-corn.

Again, I have been informed that the revision of some tracts lately settled has been already found necessary, in consequence of the over-estimate made by the Settlement Officer of the cultivated area which was based on existing, but, as it happened, exceptional facts.

The whole of the uncertainty which affects our present assessments to such a serious extent would be swept away by a series of even tolerably accurate field statistics.

It is not the intention of the present proposals to embrace an attempt to secure the ascertainment of real rentals, except as an incidental and subordinate part of the work. The best system could not cope with the collusive concealment of rents where landlord and tenant both agree to put forward a fraudulent rental.

Fraudulent rentals are put forward now, but we Settlement Officers cannot discover which are fraudulent and which true. We have therefore to found our estimate of the agricultural value of each village on facts unconnected with its individual rent-roll. We find that certain classes of land can, and do, in a sufficient number of well-investigated cases, bear certain rates, and we apply those rates to the land of each village, and assess on the result.

Our main object is to ascertain the value of land. No evidence is so good for this end as the history of the crops and irrigation of each field for a succession of years, and a trustworthy statement of the average area under cultivation from year to year.

Information on the above points is at present not available. Our hurried appraisements of land are therefore imperfect, and our assessments unequal and unfair. I should be very sorry to see my own assessments made the basis of a permanent settlement, and almost every Settlement Officer I know shares the feeling.

While education progresses, as it must for some time, in advance of morality, it is probable that more and more deceit will occur in the preparation of rent registers, and more and more precautions must therefore be taken to secure a series of agricultural facts on which to base our assessments, especially if at any time they are likely to become permanent.

No landlord or tenant can conceal a growing crop or the mud enclosures which intersect his irrigated fields. These are standing witnesses against him for a period of several months in each year, and afford a perfect test by which the supervisor can ascertain the honesty of the putwaree's work.

Now, if the statistics of crops, irrigation and cultivated area for a period of ten years were put into my hands with respect to any village in the Lower Doab, I am convinced that I could sit down and appraise that village more fairly than after one hurried inspection of two or three hours, and a perusal of a rent-roll on which I could not rely.

For instance, if I know that a field has grown sugar-cane every third or fourth year, and has been irrigated every other year for the last thirty years, I form a better idea of its value than if I find it growing a crop of barley, bitten by an exceptional frost in the year of inspection, and paying a recorded rent of one rupee an acre, *i.e.*, about a sixth of its proper rental.

The system which I propose would produce the following results:

1st.—A correct record of occupancy, which would be of much value, and indirectly save much expense, in our Revenue Courts.

2nd.—A correct record of agricultural facts which would form a sound basis for future assessment.

3rd.—As far as the honesty of the people will allow of it, a continually corrected rent-roll.

With regard to the last point, I have observed that where landlord and tenant collusively join to conceal the rental, they can effectually do it, but it happens continually that a landlord who is not on good terms with his tenants is just as anxious as Government can be to have the true rents recorded. In such cases, which are very numerous, it would be both to the advantage of the landlord and Government that a proper scrutiny of the rent-roll should be annually made. I may perhaps go further and say that it is the duty of Government, to whom the landlord pays the putwaree's fees, to see that this is done.

The chief duty of the special subordinate staff whose organization I recommend would be to test the "khusrahwari" record,—*i.e.*, the record framed on the ground in each village. The fields in the record being arranged in the same order that they occur on the map (*i.e.*, on the ground), the entries can be rapidly tested, and a really efficient check guaranteed by a comparatively small number of supervisors.

The Collector of each district and his staff of Revenue officers should be made responsible for the supervision of the subordinate staff of supervisors, a percentage of whose work they should themselves test, while it will be one of the chief duties of a special officer, whose appointment as an agent of the Board of Revenue I suggest, to test the work of each district and see that it is being efficiently and uniformly carried out.

But, besides the main results which the suggested system would produce, a collateral effect of no small importance would be obtained.

It is evident that by an efficiently tested registration of agricultural facts on the spot a vast amount of agricultural information will be made available for the use of Government, which, if properly handled, may become of very great value.

The whole of our administration of an agricultural country like India must be intimately

connected with its agricultural circumstances, and it appears to be of importance that Government should be kept continually supplied with the agricultural statistics and facts of each successive year.

In urging the necessity for the collection of agricultural statistics, I need hardly do more than refer to the questions which were asked, but unanswered, after the American war regarding the change in the area under cotton, and the character of the crops which had given way to it.

It is true that under special pressure some information has since been collected about cotton, but we are quite unprepared to furnish statistics regarding other agricultural produce, such as tobacco, jute, flax, etc., respecting which the Government of India have already demanded information.

It is far from satisfactory to observe from the replies before the Board, submitted by district officers on agricultural subjects, what an utter want of information exists, and what a complete absence there is of available statistics.

The replies which were lately submitted to Government in connection with tobacco, and in answer to questions circulated by Mr. Robinson, of the *Pioneer*, indicate that a large fund of practical information may be evoked by intelligent enquiry, but that its value is at present greatly neutralized by the absence of properly tested statistics. I fail to see the logic of an argument which has sometimes been put forward, that, because putwarees' statistics always have been worthless, they should always continue to be so. The more worthless they are now, the more reason is there for taking their improvement under serious consideration.

I might point out numerous advantages which will result from the collection of agricultural facts of a reliable character, but I will now only mention one which is of considerable importance.

It is a matter of great moment that Government should be aware of the effect of the introduction of the canal upon the agriculture of a district. When Settlement Officer of Furruckabad, I made special enquiries on this point, but was almost entirely baffled by the absence of former statistics. I deplored this at the time in a paper on the subject published in the "Revenue Reporter," and strongly urged the careful collection of crop statistics in connection with the canal.

At the same time I showed that the canal had a remarkably disturbing and, on the whole, improving influence on agriculture, even in a tract formerly irrigated from wells, and I pointed out the directions in which the disturbance took place, but from the complete absence of crop statistics was unable to define its extent.

At present our ideas on the results of canal irrigation are founded on mere conjecture, which a series of reliable statistics would enable us to replace by knowledge based on certain and accurate facts.

Agricultural facts and statistics, however well prepared, will, however, be useless, unless they are concentrated and arranged in an intelligent form, and to do this would be the duty of the officer whom I propose should be appointed under the Board, who, at the same time that he superintended the proper registration of facts, would collate them on a uniform and intelligently directed system.

I have now noticed the results which would be effected by a correct series of agricultural records. But nothing can be done, unless the machinery by which they are to be produced is in good order.

Neither correct records can be maintained, nor accurate agricultural statistics prepared, without an efficient staff of village accountants.

The first step which ought to be taken is the education and instruction of putwarees or village accountants.

Orders have been issued over and over again to Collectors of districts to look after the instruction of their putwarees, but, though the matter is taken up now by one Collector, then by another, nothing is systematically or permanently effected.

What is wanted is not so much the education of existing putwarees: unless young, they can learn but little. The succession to a post of putwareeship is hereditary, and the method of qualifying a successor is at present in this wise. An old putwaree dies, and his son of 35 (a middle-aged man in this country) comes forward to succeed him. The Collector puts him under a putwaree's teacher for six months, and after two or three perfunctory examinations allows him (perhaps with much hesitation) to pass as a qualified putwaree. The man is really incapable of learning, but he can scrawl the names of his cultivators in hieroglyphics decipherable at any rate by himself, and it would create ill-feeling and be inexpedient to appoint a stranger who would know nothing about the agricultural history of the village. So the candidate carries off his certificate in triumph, and adds one more to the number of ignorant accountants in whose hands the village records fall into an almost inextricable state of confusion.

What is wanted is to get hold of the coming putwarees when they are young. The children of putwarees, as it is, form the bulk of candidates for putwareeships throughout the country, and it would be easy for district officers to force putwarees to have their children efficiently educated. Government schools exist in sufficient numbers to allow of their being

received as pupils, and the Putwaree Fees Fund could afford the payment of a sufficient staff of teachers, if the present number is not enough. No putwaree should be admitted as a candidate for a putwareeship unless he had obtained a certificate of special qualification in prescribed subjects.

The arrangements for the education of candidates cannot be left to the discretion of individual Collectors: this plan has been tried and has failed; they must be brought under a centralized and systematic organization. The Educational Department seems to me the proper agency to employ for the purpose.

Such a measure would not, I venture to submit, interfere with the hereditary character of succession, if steps are taken to secure that every putwaree's son is sent to school. Should the candidates not all be able to obtain putwareeships, their learning will have done them no harm. The only requirements really necessary will be the ability to read fluently and to write legibly and easily the Hindi character, and to understand and apply the elementary arithmetical processes. Some practice in tracing fields on the ground from the survey maps would be required but I doubt if any education in survey would now be wanted. In any case the main object would be merely a thorough education in reading, writing and arithmetic, which most of our putwarees do not at present receive, although it is the wish of Government that all classes should obtain it.

The officer whose appointment I advocate should be made responsible that there is a sufficient fund of efficient scholars upon which to draw for our supply of village accountants, and that, in the first place, every boy who by family connections is likely to become a candidate for a putwareeship is sent to school.

It may be as well to give a rough estimate of the cost of the required establishment.

I suggest the appointment of at least one supervisor at every tehsilee, or perhaps one for every pergannah; Mr. Inglis has, I understand, recommended a larger number. There are, I believe, 433 pergannahs in the Provinces, but, as some are very small, I would limit the number of supervisors to 300. Their pay should range from Rs. 30 to Rs. 40, which should be defrayed from the Putwarees' Fund. The monthly allowance for each supervisor, inclusive of contingencies, may be roughly estimated at Rs. 50, and for the Provinces at $Rs. 50 \times 300 = Rs. 15,000$, or Rs. 1,50,000 annually. I may add that the revision of survey now being brought towards a close has provided a large number of men who have received the very training which we require for a supervising staff.

The pay of the Junior Secretary of the Board may be Rs. 1,500, which, with contingencies and office salaries, would amount to about Rs. 20,000 a year. The total charge would therefore be about two lakhs, or little more than half per cent. on the Provincial land revenue of 385 lakhs.

This expenditure would save a periodical cost of 70 or 80 lakhs in re-casting records, would supply our courts with trustworthy records of occupancy and (as far as the people themselves permit) of rentals, and at the same time furnish a vast fund of reliable agricultural information for the use of Government.

India is an agricultural country composed of a multiplicity of minute holdings, and almost every subject which we take in hand in connection with the administration of the country must be referred to the units of which it is found. A measure which makes a very slight alteration in the condition of each unit may have a very important effect on the whole country, since what may be termed the atomic changes are combined by an enormous multiplier. It may seem a little thing to ensure the correct record of facts connected with a single field, but when we consider that the country is nothing but a congeries of single fields, the subject assumes an importance which is apt to be lost sight of in discussing the manipulation of a village register.

No. 60.]

No. 314, dated the 1st May 1874.

From—A. O. HUME, Esq., C.B., Secretary to the Government of India, Dept. of Revenue,
Agriculture and Commerce,

To—The Secretary to the Government of the North-Western Provinces.

The question of the general expediency of permanent settlements of the land revenue, and of the conditions and restrictions under which, if their expediency be conceded, they should be allowed, is now, as His Honour is probably aware, under the consideration of the Government of India.

2. Sir John Strachey having from the first taken great interest in this question, and having also taken part in most of the discussions of this subject which have gone on during the last five or six years, His Excellency the Governor-General in Council is desirous of having on record his final and matured conclusions on this very important question.

3. I am therefore to forward, for His Honour's consideration, certain papers on this subject which, with those already in your office, will, it is believed, complete the file, and to request that Sir John Strachey will, as early as may be convenient, favour the Government of India with a full expression of his views on the whole question.

No. 61.]

No. 2372A., dated Naini Tal, the 6th October 1874.

From—C. A. ELLIOTT, Esq., Secretary to the Government of the North-Western Provinces,
To—The Secretary to the Government of India, Dept. of Revenue, Agriculture and Commerce.

I am directed to acknowledge the receipt of your letter * No. 344, dated 1st May 1874, stating that His Excellency the Governor-General in Council is desirous that Sir John Strachey should place on record his final conclusions on the subject of making permanent settlements of the land revenue in India.

* Vide Paper
No. 60.

2. Sir John Strachey hopes that he may be excused from again writing at length upon this question. He has already said all that he can say regarding it. It appears to him that the discussion has now become altogether profitless, and that no useful results can be obtained by continuing it. The truth is that the conclusions which were some years ago adopted by the Government have now been abandoned by every one. There is practically nobody left who advocates permanent settlements under conditions resembling those which were once supposed to be sufficient.

3. Other conditions have been suggested, and have formed the subject of discussion. When Sir John Strachey was a Member of the Government of India, he expressed, although somewhat doubtfully, an opinion in accordance with views which have been advocated by many high authorities that, although a permanent assessment of the land revenue in money would be altogether unwise, a system of permanent assessment varying with the price of grain might, under certain circumstances, be expedient. Although Sir John Strachey still thinks that a system of this kind has at least the merit of not being obviously and positively unreasonable, he cannot say that the opinions which he was formerly inclined to give in its favour have been strengthened by subsequent consideration. The main fact which appears to him clear is this: that the knowledge which we possess at the present time regarding the conditions of the problem which has been proposed is altogether so imperfect that the notion that we can now properly attempt to make an arrangement which shall be binding for ever on posterity is one that hardly deserves serious consideration. Throughout the greater part of Northern India settlements of the land revenue have been made, or are in progress, which will not expire for the next twenty or thirty years. These questions may, as Mr. Auckland Colvin has said in his note of the 31st December 1872, "without injustice to the people, who really only want a little peace and quiet, lie over till our recent re-settlements are approaching their term." The Lieutenant-Governor agrees with Mr. Colvin that, except as a matter of ingenious speculation, we need not "at this eleventh hour consider whether we had not better undo all our work." The discussions of the last few years have been very useful. They have convinced almost every one that no more ruinous mistake could, under existing circumstances, be made than to attempt to fix for ever the amount which the land shall contribute to the State. The demonstration of this point seems to Sir John Strachey to be already as complete as it can be made. He thinks that, so far at least as this Government and its officers are concerned, the question has ceased to be one of any practical and present interest, and he sees no advantage in continuing to discuss it.

No. 62.]

No. 17, dated Simla, the 17th October 1882.

From—The Government of India,
To—The MARQUIS OF HASTINGTON, Her Majesty's Secretary of State for India.

THE question of reform in the system of land revenue settlements in Upper India, which had occupied the attention of Her Majesty's Government in England and of the revenue authorities in this country for a period of fifteen years, came in 1876 under the consideration of Lord Northbrook, who advised the adoption of some self-acting system of regulating the land revenue by reference to general prices from time to time, after fixed terms of years, as affording the only safe manner of introducing a more permanent system of settlement. The papers were subsequently referred by His Lordship to the Honourable Member in charge of the Department of Revenue, Agriculture and Commerce, but after three years were in 1879 deposited without orders.

2. In the past year the question of reform in the land revenue system has been revived from an independent direction. It became our duty to submit to Your Lordship, with our Despatch No. 14, dated the 10th October 1881, a memorandum on current land settlements, in which a sketch of the temporary land revenue settlements actually current in British India was contained. In the Resolution which we issued with this memorandum we conceived it necessary to instruct Local Governments to enter upon no new settlement without a careful examination of the circumstances of the district or tract of which it might be proposed to revise the assessments, and we took the precaution of reserving to ourselves the power of placing a veto upon the revision of assessment in any case in which we may deem the renewal of

Reform in land
revenue settlement
has been long under
consideration. Lord
Northbrook's advo-
cacy of self-regulat-
ing system.

Preliminary mea-
sures indicated in
despatch of 10th
October 1881.

settlement operations to be undesirable. In taking this step we were aware that we should have shortly to confirm it by more positive action.

3. We do not conceive it necessary to repeat at any length the facts which have from time to time been brought forward in illustration of the evil effects of renewing settlement operations at comparatively short intervals. The uneasiness arising from uncertainty; the harassment of the agricultural classes; the discontent engorged by mistaken assessments; the check to expenditure on improvements; the positive deterioration of agriculture in the last years of the term of settlement—arose only the most prominent among them. The arguments on this subject are familiar to Her Majesty's Government. But although we think it unnecessary to revert to any general discussion on the relative advantages of a permanent and a temporary system of settlement, we deem it advisable before entering upon any suggestions for further action to place before Your Lordship a brief explanation of the position to which the discussions and administrative procedure since 1822 have led the question of land revenue assessment in Upper India. A review of this position and of the history of settlements made since that date will, we believe, satisfy Your Lordship of the necessity of entering upon a decisive policy.

4. The first occasion on which an attempt was made to gain a complete mastery over the complicated conditions of the agricultural system of Upper India was in connection with Regulation VII of 1822. The main objects of the Regulation were two; the first a complete record of tenures and occupancy rights; the second a complete valuation of agricultural land. An elaborate scheme was drawn up for the minute investigation of every cultivator's holding in every village in the Upper Provinces. The Governor-General in Council announced that the perpetual settlement of Bengal having, "as far as concerns the ryots, essentially failed to produce the contemplated benefit, is strongly inclined to the opinion that no real security can be given to the ryots unless the Government distinctly acts upon the principle of minutely ascertaining and recording the rents payable by individual ryots, of granting pottahs, or, at least, registering the ryots' holdings and of maintaining the rates established at the settlement during the term of settlement as an essential part of the assessment." But the scheme, admirable as it was in conception, and just in aim, failed in practice because weighted by one impossible condition. The condition was that the produce of every field should be ascertained. "It seems necessary," wrote His Excellency in Council, "to enter upon the task of fixing in detail the rates of rent and modes of payment current in each mauza and applicable to each field, and anything short of this must be regarded as a very imperfect settlement." It was laid down that the rate on each field was to be calculated from an estimate of its produce. This process was far too ambitious in detail and cumbrous in operation. The letters and reports of the assessing officers who attempted to carry out the injunctions of the Government of India teem with complaints of the difficulty of a task which the late Lord Mayo declared in 1871 to be well-nigh impossible.

5. It is not therefore surprising to find that the magnificent undertaking of 1822 failed in accomplishment, and that during a vain and protracted struggle on the part of the Settlement Officers to perform the task allotted to them, the attention of the Government of India was continually attracted to the slow progress that was being made. At last the Governor-General called for a report as to the progress of settlement operations. The Upper Beard, though eight years had passed, "could record little or no progress, and could venture no certain information." They strongly contended that an attempt to calculate the demand upon an estimate of the produce of each cultivators' holding was an impossible undertaking.

6. In the 9th year the Board of Revenue submitted a series of notes to the Governor-General, in which it was strongly urged by Mr. Bird, one of the members, that the prevailing money rates paid by cultivators should be made the basis of assessments; that they should be fixed with a tendency to moderation for the term of settlement; and that the aggregate sum "composed of the items which each ryot is bound to pay" having been ascertained, the demand should be distributed over the various proprietary holdings. He demurred to any continuance of the attempt to ascertain what proportion of the crop would be a fair rent for each field. On the receipt of the Board's

Objections to temporary settlements.

Historical sketch
of settlement systems in Upper India.

Regulation VII of 1822 prescribed an estimate of the produce of each field.

Failure of Regulation VII.

Mr. Bird proposed to substitute prevailing money rates.

earlier notes Lord William Bentinck, in an exhaustive Minute dated the 26th September 1832, reviewed the whole history of settlement operations in the North-Western Provinces. His Lordship disapproved of Mr. Bird's proposals to fix the rents of all cultivators for the term of settlement on the ground that they had not all the same rights, and showed how an aggregate demand might be calculated on general considerations. "The assessment," he wrote, "may be fixed on an ascertainment in the aggregate of the cultivated area of each estate and a general acquaintance with the advantages possessed by each village as regards fertility, position, population, and any other matters which require to be taken into consideration when regulating the Government demand." In another portion of his Minute His Lordship observed that "a relinquishment by Government of 30 or 35 per cent. of the estimated gross rent would seem to be sufficient under the most unfavourable circumstances to serve as a remunerating return and to cover all expenses and risk of collection. By the term 'gross rent,'" His Lordship adds, "I mean the proportion of the produce or the value of the produce remaining after defraying the wages of labour and profits of stock."

Lord William
Bentinck reviews
Mr. Bird's proposals
and substitutes
"general considera-
tions."

7. The Minute concluded by giving instructions for a series of enquiries, "having for their object the ascertainment and recognition of tenures of all kinds, and the speedy and equitable assessment of the land revenue for extended terms under some more summary system than that adopted by Regulation VII of 1822."* These injunctions resulted in the autumn of 1833 in a Conference of Revenue officials at Allahabad under the presidency of the Governor General, the object of which was "to ascertain the best means of simplifying and expediting the existing process of survey and settlement."*

Conference at
Allahabad in 1833.

8. The Conference met under the presidency of the Governor-General in person, and resulted in the enactment of Regulation IX of 1833, which remained in force until its provisions, so far as they regard the assessment of revenue in the North-Western Provinces, were repealed, though not materially altered, by Act XIX, 1873 (the North-Western Provinces Land Revenue Act). The system of assessment introduced by Regulation IX of 1833 differed chiefly from that laid down or supposed to have been laid down by Regulation VII, 1822, in this, that it dispensed with a minute investigation and ascertainment of the produce of the soil, and permitted the assessing officer to determine the revenue payable by each village on the basis of those general considerations indicated by Lord William Bentinck in the Minute above quoted. Under Regulation IX of 1833 the settlements of all districts in the North-Western Provinces were effected. The work was conducted by officers of undoubted ability and experience, much labour was bestowed upon it, and an accuracy was attained far greater than had been reached in previous assessments. The inequality of assessment which had characterised many of the earlier settlements was to some extent removed and the record of rights was perhaps for the first time brought into order. As a whole, the settlement was an undoubted benefit to the country, which before had been harassed by constantly recurring, and in most cases increasing, assessments of revenue. These benefits, however, were not universally secured: instances of over-assessment were not unknown; while it seldom occurred that in making a forecast of the profits of an estate sufficient attention was paid to the liability of the harvests to occasional failure. Few, indeed, of the settlements worked easily until, towards the end of the first decade, the increase in the area under cultivation and the rise in the prices of produce added greatly to the resources of the agricultural classes.

Regulation IX of
1833, based on Lord
William Bentinck's
proposals.

9. The settlement of Regulation IX, 1833, was made on the principle of taking for the Government two-thirds of the net assets or of the rental of the land. This was no doubt a most generous settlement as compared with the terms prevailing under Native Governments. But it must always be remembered that the Native system of collection is far less stringent and more elastic than ours. It affords more opportunities of evasion, and pays more consideration to bad seasons and deficiencies in the harvest. The occasional failure of the new settlements, together with the recollection of the mischief wrought by over-assessment in the years subsequent to the cession and conquest of the provinces, led the Government of the North-West, when the

Period of settle-
ments and reduction
of Government share
of rental to one-half
from two-thirds.

* Preface to Government Selections, 1822 to 1833, North-Western Provinces.

period of the settlements under Regulation IX was drawing to a close, to reconsider the conditions which should be imposed on the proprietors of land. At that time (about 1854) apparently men's thoughts had been completely turned away from the consideration of a permanent settlement. In 1802-03 a pledge had been given by the local authorities to the people of the provinces that the settlement should be made in perpetuity. The pledge was given subject to the sanction of the Honourable Court of Directors, and the sanction was withheld. It must be looked upon as a matter of congratulation that the Court took this view. For, looking to the complicated tenures in the North-Western Provinces, and the ignorance on the subject which prevailed among our officers at that early time of the British rule, it is certain that much injustice and evil would have resulted from a perpetual settlement on the Bengal model, to say nothing of the loss of revenue that must have ensued. After that time, as the faults of the Bengal settlement became more and more apparent, the idea of making a permanent settlement ceased to be entertained. Under Regulation VII of 1822 the term which the Government of India was generally disposed to accept is stated in the Resolution issued with the Regulation to be from ten to twelve years, though a longer period was in some cases to be admitted. Lord William Bentinck, in his Minute of the 26th September 1832, advised the extension of the term to 15 or 20 years. The advantages of a long period were at length so far acknowledged that most of the settlements effected under Regulation IX of 1833 were made for 30 years. Revenue officers accepted as established the system of a temporary assessment for a long term, and thought only of perfecting it. Hence it was that when Mr. Thomason, Lieutenant-Governor of the North-Western Provinces, considered the best mode of avoiding the faults of former years, he thought not of a permanent settlement or of a settlement for a longer term than 30 years, but of a more lenient settlement. He determined accordingly to reduce the share of the rental or net assets taken by Government to one-half, and all the assessments made within the last five-and-twenty years in the North-Western Provinces, Oudh, and Central Provinces have been calculated on that scale.

The idea of a permanent settlement set aside.

Moderate assessment for long terms adopted.

10. The question of a permanent settlement was thus for the time set at rest, and perfection was thought to have been attained in a moderate settlement for a long period. The next stage in the history dates from the famine of 1861 which drew earnest attention to the state of the agricultural classes in Northern India. Colonel Baird Smith, who was sent to report on the famine, was struck by the great resistance offered to the calamity by the people in 1861, as compared with that offered in 1837-38. Arguing that the improvement in the wealth of the peasantry and their ability to bear up against misfortune was due to the long term of the settlement, he inferred that a further application of the same principle would achieve greater success. He became a strong advocate of a permanent settlement, and the discussions which arose from his report led to the issue of Sir Charles Wood's despatch* of 1862, in which Her Majesty's Government announced its resolve "to sanction a permanent settlement of the land revenue throughout India."

Question of a permanent settlement revived by Colonel Baird Smith in 1861

11. The despatch dwelt on the political and social advantages attendant on such a measure and on the stimulus it would give to agriculture and to the growth of a middle class connected with the land. The recommendations of Colonel Baird Smith and of Sir Thomas Monro, and the example of the lightly-assessed district of Tanjore, were cited. Coming to the question of future fall in the value of money, the despatch considered that it was not of sufficient moment to influence the judgment of Her Majesty's Government to any material extent. Prices, it was said, were unlikely to rise greatly; even if they should rise, the Government of India might easily find sources of income other than the land. The alternative to a permanent settlement was pronounced to be a long protracted and elaborate revision of assessment every 30 years and the "harassing, vexatious and even oppressive" nature of such revisions was forcibly dwelt on. "The remedy for these evils, the needless occupation of the valuable time of the public officers employed in the revision, the extortion of the subordinate officers, and the loss of wealth to the community from the deterioration of cultivation, lies in a permanent settlement of the land revenue." The principle thus settled, the Government of India was invited to consider to what extent it could be immediately applied throughout the different prov-

inces. Of Bombay and Madras, it was said that the settlement of the former Presidency required revision before it could be made permanent, while the settlement of the latter was not as yet completed. To these presidencies, therefore, a permanent settlement could not be immediately given. The North-Western Provinces, where revision of the settlements was in progress, were finally selected as the fittest place in which the measure could be carried out.

* Vide Paper
No. 22.

12. The despatch was communicated* to the North-West Government by the Government of India, and was followed by a discussion as to the best way of giving effect in that province to the wishes of the Secretary of State. The

+ Vide Paper
No. 30.

Honourable Mr. E. Drummond,† Lieutenant-Governor of the North-Western Provinces, Messrs. Muir and Money, Members of the North-Western Provinces Board of Revenue, Sir C. Trevelyan, and Mr. H. B. Harington, Members of Council, took a prominent part in this discussion. The conclusion seems to have been accepted that the orders of Her Majesty's Government must be carried into effect. Two pleas, however, against the introduction of a permanent settlement into many parts of the province found strong expression: the first, that the agriculture of many tracts was in a backward condition; the second, that the scale of rent rates in other more fully developed tracts was comparatively low.

‡ Vide Paper
No. 31.

13. Lord Lawrence summed up his own conclusions in a lengthy‡ Minute, in which he recommended that the permanent settlement should only be conceded to estates of which the rentals, as well as the agriculture, were fully developed. The test of the latter condition was that 80 per cent. of the cultivable area should be under cultivation. The former condition was left to the judgment of the revenue authorities. Estates which did not fulfil these conditions were to be assessed on the basis of their present assets for 30 years. A compromise was, however, to be permitted in the case of undeveloped estates by the offer to their proprietors of a permanent assessment based on prospective assets. A maximum permanent demand was to be fixed which it would be in the option of the proprietors at any time to accept in lieu of the temporary assessment. Lord Lawrence, in permitting this offer to be made, had little hope that advantage would be taken of it, nor did the proposal meet with favour from his advisers.

§ Vide Paper
No. 37.

14. Sir Charles Wood, after a consideration§ of the proceedings of 1864, communicated to the Government of India in his despatch of the 24th March 1865 revised instructions under which districts were to be divided into three classes:—

- (1) Those in which the agricultural population and rent were undeveloped.
- (2) Those in which cultivation and resources were fully developed.
- (3) Those in which resources were undeveloped.

With regard to the first two classes, he remarked that no difficulty existed. Permanency of settlement was to be refused to the first and granted to the second. He admitted that there might be difficulty in the case of the third class; but he negatived the proposal to allow any offers to be made which might be based upon a calculation of the future assets of an estate. He limited the offer of a permanent settlement to those villages in which the cultivation might amount to 80 per cent. of the cultivable area, but did not require that the rule limiting the demand to 50 per cent. of the existing assets should be strictly adhered to. No definition of "resources" was given. And no distinct instructions were contained in the despatch as to the course to be taken in the case of estates in which 80 per cent. of the cultivable land had been brought under cultivation, but in which the resources were undeveloped.

15. Meanwhile a growing reaction of official opinion, to which further reference will presently be made, against the sacrifice of prospective land revenue, especially of that resulting from extension of canal irrigation, led to a reopening of the question by Earl de Grey and Sir Stafford Northcote.

¶ Vide Paper
No. 42.

Sir Stafford Northcote in his|| despatch of the 23rd March 1867 laid down two conditions for permanent settlement, the second of which had originally been laid down by Earl de Grey:—

First, that no estate shall be permanently settled in which the actual cultivation amounts to less than 80 per cent. of the cultivable or malguzari area.

Orders permanent
settlement in North-
Western Provinces.

Orders accepted
but objections plead-
ed.

Lord Lawrence
proposes to attach
conditions.

Sir C. Wood's
Despatch of 1864
accepts conditions
with modifications.

Reaction against
permanent settle-
ment.

Further limita-
tions imposed by Sir
S. Northcote and
Earl de Grey.

Secondly, that no permanent settlement shall be concluded for any estate to which canal irrigation is likely to be extended within the next twenty years, and the existing assets of which will thereby be increased in the proportion of 20 per cent.

16. We will not endeavour to follow the history of the efforts which were made in obedience to the successive instructions of Sir Charles Wood and Sir Stafford Northcote for the introduction of a permanent settlement. A full record of the steps that were taken and of the discussions which ensued finds place in the volume of papers submitted to Her Majesty's Secretary of State with the despatch from the Government of India,* No. 7, dated 26th May 1871. The papers include Minutes by Sir John Strachey and Lord Mayo pointing to the advantages of a grain assessment over a fixed money settlement. Lord Mayo gave an important indication of the manner in which it might be possible to avoid the recurrence of temporary settlements in the following words:—“In India at original settlement it will always be necessary to consider more fully than in Europe the quality of soil and the quantity of produce which, under fair cultivation, is ordinarily produced; but once this is established, the fluctuation of market price may form the main test for determining value from time to time.”

* *Vide Paper No. 56.*

16. We will not endeavour to follow the history of the efforts which were made in obedience to the successive instructions of Sir Charles Wood and Sir Stafford Northcote for the introduction of a permanent settlement. A full record of the steps that were taken and of the discussions which ensued finds place in the volume of papers submitted to Her Majesty's Secretary of State with the despatch from the Government of India,* No. 7, dated 26th May 1871. The papers include Minutes by Sir John Strachey and Lord Mayo pointing to the advantages of a grain assessment over a fixed money settlement. Lord Mayo gave an important indication of the manner in which it might be possible to avoid the recurrence of temporary settlements in the following words:—“In India at original settlement it will always be necessary to consider more fully than in Europe the quality of soil and the quantity of produce which, under fair cultivation, is ordinarily produced; but once this is established, the fluctuation of market price may form the main test for determining value from time to time.”

Despatch of 26th May 1871, Government of India advises abandonment of permanent settlement.

17. His Grace the Duke of Argyll was finally advised that the conditions laid down regarding permanent settlements in the North-Western Provinces could not be applied in their existing form without leading to the most serious and certain injury to the future interests of the public.

We shall in succeeding paragraphs of this despatch be constrained to examine the causes which led to so decisive a rejection of a permanent settlement as that which is embodied in the despatch of the 26th of May, but we desire, first, to describe to Your Lordship what has occurred between 1871 and the present date.

+ Vide Paper No. 58. 18. Your Lordship is aware that in the Despatch† No. 26, dated 27th July 1871, Her Majesty's Secretary of State communicated the conclusion arrived at by a Select Committee of the House of Commons, that further proceedings for extending the permanent settlement in the North-Western Provinces must for the time be suspended, but that Her Majesty's Government should be placed in a position to form a judgment upon so important a subject so soon as the Government of India had fully weighed the additional evidence which was to be furnished by the Lieutenant-Governor, North-Western Provinces.

Home Government suspends decision pending receipt of further evidence.

To North-Western Provinces, Punjab and Oudh, Nos. 283—285, dated 13th September 1871, pages 323-324 of the Revenue, Agriculture and Commerce Department, Land Revenue and Settlement Proceedings for September 1871.

early expression of opinion, and replies‡ were received by the Government of

The instructions of Her Majesty's Government were communicated to the Governments of the North-Western Provinces, Punjab and Oudh, with a request for an

Local Governmental departments consulted.

‡ From North-Western Provinces Government, No. § 658A., dated 2nd March 1874, page 5 of Home, Revenue and Agriculture Department, Revenue Proceedings for July 1879.

|| Vide Paper No. 67. From Chief Commissioner, Oudh, No. || 1358, dated 24th April 1872, page 99 of Revenue, Agriculture and Commerce Department, Land Revenue and Settlement Proceedings for February 1873.

¶ Vide Paper No. 75. From Government, Punjab, No. ¶ 1470, dated 8th October 1873, copy enclosed.

From Government, Punjab, No. ¶ 1470, dated 8th October 1873, copy enclosed.

ments, while the Lieutenant-Governor of the Punjab represented that his Province was not ripe for a permanent settlement. The papers were placed before His Excellency Lord Northbrook, who referred them for the opinion of Sir John Strachey, then Lieutenant-Governor of the North-Western Provinces and of the Honourable Mr. J. Inglis, the Officiating Member of Council.

** Sir John Strachey deprecated any steps

** From North-Western Provinces Government, No. ** 2372A., dated 6th October 1874, page 30 of Home, Revenue and Agriculture Department, Revenue Proceedings for July 1879.

which the land should contribute to the State, and found reason to doubt whether even the grain assessment which he had formerly suggested would be entirely successful. Mr. Inglis, on the other hand, who had from the first advocated a permanent settlement, brought forward a mass of evidence from the Native papers in proof of the unpopularity of the existing system, and

which would fetter the future finances of the country by fixing for ever the amount

urged the political advantages that would attend the introduction of permanency.

19. When the papers again came before Lord Northbrook in 1876 they were brought forward in the Finance Department. Sir William Muir was now Finance Minister, and was considering at the time the difficult question of the depreciation of silver which was then causing considerable embarrassment to the Government of India. The financial position, however, afforded satisfactory proof of the danger of attaching permanency to a fixed money assessment. After some discussion the papers were, as has been said before, referred to Sir Alexander Arbuthnot, the Honourable Member in charge of the Department of Revenue, Agriculture and Commerce, and when they were finally returned by him in 1879, it seems to have been considered inexpedient, on the grounds that no Local Government desired a permanent settlement, to take any further measures. The papers were accordingly deposited without orders. His Excellency in Council, however, now considers that the time has come when the important question of settlement reform must be earnestly revived.

20. Before submitting definite proposals for the consideration of Her Majesty's Government, it is necessary to examine more precisely the causes which have led to the failure of previous attempts and projects to place the land-revenue assessments of Northern India upon a satisfactory footing. The difficulties which have stood in the way of a solution of the most serious problem with which we have had to deal since the beginning of the century must be thoroughly appreciated and removed before any further step is taken towards reform.

21. The foremost of these difficulties is the valuation of land. It appears to be sufficiently evident that the efforts made from 1822 up to the present time to make a satisfactory estimate of the value of agricultural land have been far from uniformly successful. In analysing the history of these attempts the Minute by Lord Mayo, to which we have alluded in our 16th paragraph, will afford much assistance. His Lordship, whom a familiarity with land questions in Ireland rendered peculiarly able to deal with the subject, explained that there are four principal modes by which the value of land is usually ascertained—*1st*, the quantity of produce; *2nd*, the price of produce; *3rd*, the quality of soil; *4th*, the letting value. On none of these, in Lord Mayo's opinion, could certain reliance be placed. "The objection," he said, "to testing value by quantity only is—*first*, that it is most difficult and nearly impossible to ascertain; and *secondly*, that it depends to a great extent upon the varying industry of the cultivator and the chances of the season." The history of the struggles made between 1822 and 1833 to estimate the quantity of produce is a sufficient illustration of the truth of His Lordship's opinion. We have already had to relate how the impossibility of the task drove the authorities of 1833 to look for other methods.

22. The authors of Regulation IX of 1833 abandoned the attempt to ascertain the produce. They did not, however, condemn the principle of basing the assessment on a valuation of land. "There can," wrote Lord William Bentinck of the system introduced by Regulation VII of 1822 (paragraph 72, Minute of 7th April 1831), "be but one opinion as to the soundness of its theory; its practical application is all that can be doubted." He complained that various and contradictory methods were practised by Settlement Officers for ascertaining the value of land, and sought to introduce uniform principles, of which the most important in his view was the ascertainment of the capabilities of each class of soil. "Assessment according to the capabilities of the soil," we find His Lordship writing in the 119th paragraph, "would appear to be the simpler and more equitable method, if regard be had to fixing rates according to position as well as according to fertility." The practical development of the system of enquiry pursued under Regulation IX of 1833 is illustrated by the instructions contained in Mr. Thomason's Directions to Settlement Officers, published some sixteen years after the issue of the Regulation. Two-thirds of the net produce was to be taken as the Government share. "Net produce is defined to be the surplus which the estate must yield after deducting the expenses of cultivation, including the profits of stock and wages of labour; this in an estate held by cultivating proprietors will be the profit on seer, but in leased estates will be the gross

Lord Northbrook proposes a self-regulating system.

In 1879 the papers are deposited without orders.

Necessity of re-viving question of settlement reform.

Causes of failure of previous attempts.

Impossibility of accurately valuing land,

whether based on an estimate of produce,

or on examination of the capabilities of soils,

rental." In order to come to a correct opinion on this subject, the Settlement Officer is referred to the areas of cultivation and irrigation and to an examination of different kinds of soils. Other general considerations were to influence his judgment, but the above are the principal guides which he is to follow. These instructions were repeated in the authoritative orders issued in 1855 known as the Saharanpore Rules, by which for the next twenty years Settlement Officers in the North-Western Provinces were guided.

23. The existing rules which were framed in 1873 give still more precise or on the letting value of land instructions to Settlement Officers to divide any tract which is to be assessed into circles or areas of similar soils possessing similar advantages, and to ascertain the prevailing rent rates paid upon each class of soil in the locality. In the latter words we have the first clear instructions for the adoption of the method of assessing land by its letting value. Lord Mayo himself placed considerable reliance on this method. "The letting price of land," wrote His Lordship, "is the best and surest test of value where there is full competition." But His Lordship feared that the test would not be found a satisfactory one in this country, and quoted both Sir William Muir and Sir John Strachey in support of this opinion. "It is clear," he decided after referring to their evidence, "that the letting value of land or the rent paid can form in India no safe test of its value." In other words, the letting value of land on which Settlement Officers had been instructed to base their assessments was not admitted by Lord Mayo and his advisers to be the true value of the land.

24. His Lordship's conclusion was that the most simple method to adopt might perhaps be to ascertain how much produce from an estate found its way to the trader's hands, and to regulate future settlements by the changes which might occur in the selling price of this amount. "If this is impossible," concluded His Lordship, "if the objections which can be urged against this system are found to be too weighty, then no other course is left to us but to continue that system of periodical settlement which prevails in the greater part of India.

25. There are two points to which we desire to draw Your Lordship's attention in the above paragraphs — one is the difficulty of making a thoroughly correct valuation of land in Northern India by any available method; the second is the impossibility of attaching to all land for purposes of assessment the full value which it may be expected ultimately to attain.

It appears important to give some prominence to these conclusions because we cannot but perceive that the rejection of the permanent settlement in the North-Western Provinces, at the period of which we have been writing, was mainly due to the feeling of the provincial authorities that the value of land, as then estimated, was not always its true value. Some feared that the benefit arising from the limitation of the Government demand based upon an imperfect valuation of the land would remain entirely with the landlords and would not reach the tenants. Their sense of justice was offended. Others avowed their regret that Government should lose any portion of the full share to which it would be entitled when the full value of land had been reached. On both grounds were the proposals for a permanent settlement viewed with disfavour. The comprehension of this position possesses in our judgment so much importance as to deserve further illustration.

26. Although the feeling, that the cultivators would not share in the benefits which were to be offered to the landlords, seems to have had considerable influence in leading Settlement Officers to oppose the introduction of a permanent assessment, we are not for the moment concerned with this part of the question. We desire to show that the revenue authorities grudged the loss to Government of its share in the enhancement of the rental which, apart from any increase in the cultivated or irrigated areas, the landlords could, under existing laws, exact from the tenantry. The feeling is strongly reflected in the following passages in Sir W. Muir's Minutes written during the progress of the enquiries which were intended to lead to the partial introduction of a permanent settlement:—

"The lesson may also fairly be learned from the history of this settlement (Bulandehahr) urged by Sir William Muir. That the two conditions enjoined by Her Majesty's Government for a permanent settlement are not sufficient. I do not here advert to the policy itself of making settlements in perpetuity; that policy has been definitely adopted by Her Majesty's Government, and announced, if not

promised, to the people; I should not, even had I not myself concurred in the policy, have felt at liberty to question it on the present occasion. It is evident, however, that the sacrifice to which Government in conceding a permanent settlement has consented is one of future revenue from improvements accelerated by the increased investment of capital by proprietors when secure of the whole result. But in the case of a settlement like the present, based on an imperfectly developed rental, the sacrifice would be of future revenue created by no such expenditure, but simply by the exertion of proprietary power in increasing the relative share of the produce which constitutes rent. This is a process which in the nature of things will come to pass equally whether the settlement be in perpetuity or for a term, and the sacrifice would be consequently gratuitous made without any corresponding object or return.

"I think, therefore, that a third condition for permanent settlement is thus shown to be quite necessary, namely, evidence that the standard of rent prevalent, or the estimate of 'net produce' on which the assessments are based, is adequate; or (having due regard to soil, facilities of irrigation, and ratio of dry and wet land) is not below the level of rent throughout the country at large."—(Minute, dated 22nd December 1869.)

And again, writing of pargana Baghput, he says:—

"The present case is represented as being one of inadequacy in the rent, not of individual villages compared with the pargana, but in the prevailing rates of the pargana itself compared with other parganas. It is also a case in which all the conditions prescribed by Her Majesty's Government as entitling proprietors to a permanent settlement exist: cultivation in Baghput is highly developed; canal irrigation has reached its full limit. But the cultivator appears here to retain a larger share of the profits than elsewhere."—(Minute, dated 13th February 1869.)

27. While the arguments used in the above passages indicate an unwillingness to resign to the landlords the whole increase of rent which they were certain to obtain from their tenants, they point also to another cause which seems to have influenced the revenue authorities in their rejection of a permanent settlement and which deserves serious consideration. We refer to a desire to effect an equalisation of the Government demand. The theory that the share of Government must be made to approach as nearly as possible to the same fraction of the net produce in all parts of the country, has, beyond doubt, done very much to keep alive the efforts of the revenue officers to reach a true valuation of land. In the "Saharanpore Instructions" of 1855 it was laid down that the principal aim of the assessing officer should be "the equalisation of assessments." The ultimate aim of a precise valuation of agricultural land was to obtain for Government an equal share of the net produce from every part of it. But if we are constrained to admit that a perfect valuation of agricultural land by any method is an impossible task, we must also confess that the equalisation of assessment is no less unattainable. No one dealt more plainly with this matter than Colonel Baird Smith, whose arguments on this point, when pleading for the introduction of a permanent settlement, appear to have been worthy of more consideration than they received. His conclusion may be accepted that "the safest and best policy as regards the internal action of society is simply to leave it alone and let it assume its natural forms and conditions with the smallest amount of external interference that is consistent with good and efficient administration." The idea that artificial regulations can succeed in effecting and sustaining a perfect equality in the assessment of landed interests must indeed be rejected.

28. If then it be admitted that the attempt to secure and maintain for purposes of assessment a thoroughly correct and complete valuation of land can rarely succeed; if it is true that settlement operations which have for their main object the correction of previous valuations of land cannot be undertaken without much harassment to the people and interference with agricultural progress, it will not be difficult to persuade Your Lordship that a time must come in the fiscal history of every district and of every province when the renewal of a valuation of agricultural property on any elaborate system should cease. The conclusion at which we have thus arrived involves no intention to detract from the value of the work already performed by the Settlement Department, or to interrupt the completion of the task upon which it is already engaged. We owe to the Settlement Department of every Province the greater part of the knowledge which we possess of the agricultural life of the people of India; we have received from it a careful description of every village and every estate in those districts through which it has passed. It has demarcated the boundaries of every property, and provided a map of every field. It has recorded the rights of every person, whether proprietor or tenant, who possesses an

Existing inequality of the Government demand.

Equalisation considered unnecessary by Colonel Baird Smith;

is, in fact, unattainable.

Elaborate valuation of land must sooner or later cease.

Value of work already performed by the Settlement Department.

interest in the land of the country. If its labours had been confined to these matters alone, they would still have been a subject for pride and congratulation. But it has also achieved a result which is absolutely necessary to the Government for the attainment of the purposes now in view. It has furnished the administrators of the land revenue with a valuation of estates which in the face of the many difficulties recounted in previous paragraphs has been accomplished with woderful success, and is, we believe, as at present conducted, as free from imperfection as it is possible for an official valuation of land to be. Without an initial schedule of the agricultural value of every estate the establishment of any reforms in the system of settlement would be impossible. The Settlement Department has, in a majority of the districts of the Upper Provinces, provided the Government with a schedule of this kind, and will within a few years have completed a similar task in the remainder.

29. What we desire is that the agricultural value of an estate, having once been ascertained with fair accuracy, may be taken as a basis for future adjustment without having recourse to periodical repetitions of a troublesome and vexatious investigation. For this purpose we are convinced that we shall do well in following Lord Northbrook's advice to arrange a self-regulating system, upon the basis which the Settlement Department has already furnished or will shortly be able to provide. The main characteristics of such a system will be to adjust the Government demand upon facts, rather than upon estimates; to do away with the repeated valuations by the Settlement Officer, but not with the land settlement; to give security of property to the agricultural population, by letting them know exactly the conditions and limitations of future assessments, and to ensure to the public exchequer a reasonable share in the increase of agricultural wealth due to causes independent of the exertions of the agriculturists themselves. The settlement must be such as to secure to owners and tenants of land the profits of the improvements which they may make, and to allow them to form a safe estimate of the future value of their property.

30. The question is how to attain these ends. We do not disguise from ourselves the difficulty of the task. The objects before us cannot be accomplished by the rough-and-ready method of fixing the revenue at its present figure in perpetuity, for we acknowledge the necessity of ensuring to the State for all time a right to enhance its land-revenue demand on certain fixed principles which we shall presently describe. But hitherto it has been difficult to see how periodical adjustments could be made without constantly renewed surveys and expensive settlement establishments.

31. It happens, however, at the present time that, with other objects and other ends in view, a machinery has been formed which will, it is hoped, enable us to solve the problem. The reasons which have led the Government of India to re-establish the Revenue and Agricultural Department, and to attach to the Provincial Departments of Settlement the new duties of agricultural enquiry required by the Famine Commission, have been made known to Your Lordship. They had no immediate reference to any radical change in the system of settlement. We were influenced, firstly, by a sense of the importance of obtaining an accurate knowledge of agricultural facts for the general purposes of administration; and secondly, by a desire to lessen the excessive cost of periodical surveys and settlements, and to attain a greater accuracy in land assessments. The measures which we have undertaken for the accomplishment of these objects will now enable us to deal with reform in the settlement system itself. We agree entirely with the remark made by Sir Louis Mallet in his Minute of the 3rd February 1875, that if there is one thing which is wanting in any investigation of Indian problems, it is an approach to trustworthy and accepted facts; and we are convinced that the absence of any record of facts upon which reliance could be placed has been hitherto one of the chief obstacles in the way of any improvement of the settlement system.

32. It is a cause of much regret that a vast deal of the labour and money already expended by settlement officials in the arduous duty of framing a correct record has been lost through an unfortunate neglect to establish any sound system for its maintenance year by year. Elaborate schedules, carefully prepared by one set of assessing officers, have been placed on the shelves of the record-room,

*Lord Northbrook's
advice to arrange
self-regulating
system adopted.*

*Difficulty of the
task.*

*diminished by re-
cent establishment
of Agricultural De-
partments,*

*which will supply
the knowledge of
facts hitherto want-
ing,*

only to be condemned as useless by their successors in consequence of the perplexing and unrecorded changes which had occurred in the interval between the two settlements. Maps and records, which have cost the State a very large sum of money, have been permitted to lose the greatest part of their value by a failure to adopt the simple precautions necessary to maintain them up to date. "The whole of the uncertainty," wrote the Secretary to the Board of Revenue, North-Western Provinces, in 1873, "which affects our present assessment to such a serious extent, might be swept away by series of even tolerably accurate field statistics; but it is the fact that even in districts which have been lately under settlement, and in which records reconstructed at an enormous expense were handed over to Collectors, no measures are taken to keep them up to date." Evidence that the unfortunate neglect thus brought to light continues to be a blot on the administrative system of the north of India, is found in the very latest settlement report which we have received from the Punjab. "Why," asks the writer, "should it be held in practice that such records are complete as soon as they leave the Settlement Officer's hands? It is obvious that they must always require adding to, and may require correction; why then should the Settlement Officer alone record his experience? Why should not the Revenue Officers carry out the orders of Government, and do so also?"

33. It was the absence of any organised system by which agricultural facts could be brought to the knowledge of revenue officials that mainly induced Sir John Strachey, at the express desire of the Secretary of State, conveyed in his despatch No. 35, dated 29th April 1875, to establish a department in his province for the maintenance of an agricultural record, and the same cause led the Famine Commission to recommend the extension of the measure to other provinces. An able exposition by the Secretary to the Commission of the measures which in 1880 had been taken or were still required in each province for the proper collection of agricultural statistics, finds place in Appendix I to the Famine Commissioners' Report. The policy adopted by the Government of India, under the sanction of Her Majesty's Government, in re-establishing the Central Secretariat of Agriculture, was directed to the same end. The first duty committed to the revived Secretariat was that of assigning to the united Departments of Settlement and Agriculture in each province, the task of organising an efficient system of recording and maintaining agricultural statistics. In the Resolution of the 8th of December last, the primary efforts of the combined Departments were directed to "the duties of gauging the stability of agricultural operations in every part of a province, of classifying the areas of the province according to the result of careful investigation, and of deciding what method of administrative treatment is suitable to each;" and it was laid down that a thorough knowledge of the circumstances of every village must be continuously maintained. These instructions have involved the annual record of the circumstances of every field in the temporarily-settled provinces, under the careful supervision of a properly-organised staff, the construction of which is now being undertaken in each one of the provinces concerned. The Settlement Department will still therefore have its work to perform. Its duty as a valuer of land having been accomplished, it will in its new form continue to exercise the many other functions which are involved in the maintenance of a land settlement.

34. In thus adapting existing machinery to the performance of those duties which are requisite to the working of a self-acting system of land-revenue assessment, we are able to enter upon the difficult problem before us with some hope of success. The problem is how to give that assurance of security which is attached to permanency of the demand, without depriving the Government of its unquestioned claim to enhance the land revenue upon defined conditions.

35. After mature consideration we have arrived at the conclusion that a self-acting system of settlement cannot be established, if any increase of assessment is permitted on other than the three following grounds:—

- (1) Increase of area under cultivation.
- (2) Rise in prices.
- (3) Increase in produce due to improvements effected at Government expense.

Grounds of enhancement must be limited to three:—

Cultivated area.
Prices.
Improvements.

Statement of the problem before us.

36. We propose to abandon altogether any attempt to value or assess any profits which may, in future, arise from improvements effected by the people themselves, and in this category we of course include those made with the assistance of money borrowed from Government. Of such improvements in Upper India the larger portions consist of wells and other works connected with irrigation. Hitherto these have been too freely assessed. The rules laid down for their exclusion from assessment have not been liberal and, such as they are, have been greatly neglected. It is true that the right of Government to share in the profits of irrigation under certain conditions may be admitted. But we consider it so enormous an advantage to offer the strongest possible inducement to the agricultural population to protect the land against drought, that we are prepared to surrender the enhanced revenue which might be imposed on land irrigated otherwise than at the expense of Government.

Irrigation works.

37. The assessment of revenue upon profits of other kinds of improvements made by the agriculturists themselves would be unjust in itself, and would involve those difficult enquiries into the valuation of land which we have resolved in futuro to avoid. This is especially the case in regard to the gradual enhancement of value effected by the application of greater labour and skill to the operations of tillage, heretofore an important item in the increment of revenue acquired by new assessments. We are convinced that it is false economy to discourage in any way the employment of such increased skill and labour, and are therefore prepared to resign any revenue leviable on the profits of improvements of this kind.

38. We now proceed to a consideration of the method in which the principles set forth in paragraph 35 are to be applied in introducing a self-acting settlement. The first step to be taken is to determine for each estate the initial assessment which is to be the basis of all future revisions of revenue. The question at once arises whether we are to accept as our initial assessments the present revenues, or whether we are to revise them. We are decidedly of opinion that the present revenues should be accepted in all estates in which this course will not involve a serious loss to the State. We have therefore to consider in what way we can, without a difficult enquiry, distinguish between the two classes of estates, *viz.*, those in which the present revenue can and those in which it cannot be accepted as the initial assessment. On this matter we shall be ultimately guided by the advice of Local Governments, but we deem it nevertheless advisable to indicate to Your Lordship the general lines which we are, as at present advised, disposed to follow.

39. The whole tenor of our present despatch has been to show the expediency of avoiding, as far as possible, the difficult operation of valuing land. We therefore propose to accept existing revenues as they stand, without an enquiry of any kind into the value or assets of each estate, in all districts in which the Local Governments are on general grounds assured that the present revenues are reasonably adequate. From information before us we believe that such is the case in all districts settled since 1872, and that we may, therefore, safely declare the present revenues of districts assessed after that date to be the initial revenues for the purposes of this scheme without any further enquiry. We understand that there are also a certain number of districts settled before 1872 which are known to be adequately assessed. The revenues of these also may, on a report from the Local Government concerned in each case, be accepted in like manner.

40. There remain those districts in which there is not sufficient assurance that the revenues are generally adequate. In these some sort of enquiry, in districts where estate by estate, is necessary for the purpose of ascertaining whether or not the revenue is adequate. The test of adequacy will be the proportion borne by the present revenue to the existing assets in each case.

41. But we do not propose that the enquiry undertaken for the ascertainment of the existing assets should be of that elaborate kind which has hitherto characterised land-settlement revisions. In all districts in which records are in fair order the matter will be very simple; there need perhaps be no local enquiry at all in such districts if, as we would propose, the assets recorded in the village papers are accepted as the existing assets, with the necessary correction involved by applying the recorded rent rate to land held by proprietors or grantees.

Other improve-
ment.Initial assessment
must be determinedto be present reve-
nues wherever ade-
quate.They are adequate
in all districts as-
sessed since 1873 and
in some before 1872.Enquiry necessary
in districts where
revenues are not
adequate,but need not be
elaborate if records
are in fair order.

42. There will then be left only those districts in which records are incomplete, and in which, therefore, the village papers, as they stand, afford no basis for the calculation of existing assets. In such districts a resurvey and revision of the record will be inevitable before the existing assets can be ascertained. But the main object of the revision of maps and records will not as heretofore be that of effecting an elaborate valuation of land. The Settlement Officer's operations will in all parts of the country in which the landlord's income depends chiefly upon rents, be directed primarily to the record of the acknowledged rents, and not to an estimate of what, in his opinion, the rents ought to be.

If not in fair order
resurvey and revi-
sion are necessary.

43. We have thus described three classes of districts :—

- (1) Those in which the revenues can be summarily accepted at once as the initial revenues. They will comprise more than half the districts in the North-Western Provinces, Oudh, and the Punjab.
- (2) Those in which the revenues of many estates are unduly low, but can be summarily estimated upon an examination of the village papers. This class will probably be confined to a few districts in the North-Western Provinces and Oudh.
- (3) Those in which no estimate of the revenues can be made without a resurvey and revision of the record. This class will include all districts in the Central Provinces, and a few only in the Provinces of the Punjab and the North-Western Provinces and Oudh.

Three classes of
districts have been
described.

44. When the assets of each estate in classes 1 and 2 have been determined by the comparatively simple process already described, they will be compared with the revenue of the estate. If the latter is found to be unduly low, it will be raised, but not otherwise. We will not, in this despatch, discuss the grounds upon which a revenue should be deemed unduly low. Each Local Government will be required to frame rules for its province under which the adequacy of a revenue, or the proportion which it should bear to the existing assets, should be determined. But it will be provided that no increment in the revenue of any estate assessed at an unduly low rate will be collected until the termination of the current contract.

Revenue will only
be raised if low
when compared
with the assets.

45. We have in the preceding paragraphs indicated the manner in which it may be practicable to establish our initial revenues without elaborate enquiry and without disturbing the existing contract between the Government and the proprietors of land during the currency of the settlement. We have now to explain to Your Lordship the method by which it may be possible, without involving the recurrence of vexatious enquiries, to arrange for future adjustments of the revenue demand. Reverting to a consideration of the three conditions by which in paragraph 35 we have proposed to restrict the enhancement of the land revenue, we may ask Your Lordship to accept our conclusion that the alteration of the Government revenue in connection with improvements effected at the expense of Government is not one which need be particularly discussed on the present occasion. It will perhaps be considered sufficient that we should state that the Government has no intention of resigning the fair profits due to works of irrigation and agricultural improvements, constructed out of the taxes of the general community, provided that it be understood that the construction of railways or works of that kind will not constitute a ground for enhancing the land revenue except in so far as it causes a rise in price. We have, therefore, at present only to deal with the adjustment of the demand on account of increase in the cultivated area or of rise in prices.

Initial assessments
having been fixed,
future adjustments
how to be arranged;

46. In dealing with the cultivated area, we think it will be desirable to allow the Local Governments to fix for each district a year in which the cultivated area shall be taken as the initial area upon which all future adjustments will be made. The initial revenue would be arranged for the same year as that for which the initial area of cultivated land is recorded, although, as previously explained, no increment will be actually collected until the termination of the present contract. In districts of the 1st class above described the year chosen would, if these proposals are sanctioned before the expiration of many months, probably be the year now current. In districts of the 2nd class the examination of the village papers might require some delay, but not, we think, more than two or at the most three years. The year chosen would in that case not be later

in accordance
with changes in the
cultivated area by
determining an ini-
tial area for a given
year,

than 1885. In districts of the 3rd class the arrangement cannot be effected until the completion of the new survey.

47. The initial area having been established, fixed revenue rates will be laid down for the future assessment of uncultivated land. Care would be taken that they should be moderate. The rates thus fixed would not come into force until the time for the revision of settlement arrived. The revenue of newly-cultivated land would then be calculated and levied at those rates. We think, however, that it may be desirable in some cases to avoid making any addition to the Government demand on account of new cultivation, unless the increment exceeds a certain percentage of the initial area. On this point we should have to be greatly guided by the advice of Local Governments.

48. The period for which revised assessments should in future run need not, we think, be precisely determined at present. But we are inclined to believe that a term of twenty years will probably be found to be most suitable. The rapid progress which the country is now making in railways, canals, and other works which foster the extension of agricultural enterprise will, in many parts of India, give rise to so great a development in the value of landed property that it would probably be both difficult and unwise to demand anything like a proportional increase in the revenue after so long a period as thirty years. In this matter also each Provincial Government should have a voice, and the question must be referred to them.

49. As to the manner in which the revenue is to be periodically adjusted in relation to changes in the value of produce, we are not prepared to enter into details in this despatch. As in the case of the revenue and cultivated area, so in the matter of the prices an initial schedule must be prepared, by reference to which future adjustments of the revenue will be made. This initial schedule will be based, not on the prices of any one year, but on the average prices of a period of years, say ten, immediately preceding the year which is taken as the commencement of the settlement. The staples which are to be taken into consideration, the markets at which prices are to be registered, the period for which the average is to be calculated, and the like, are matters which must be decided in consultation with the Local Governments.

It is sufficient to say that after a careful consideration of the subject we see no difficulty in arranging these details on a satisfactory basis.

50. There is, however, in connection with this subject, one question of sufficient importance to be mentioned in this place, and that is, the question whether every rise of prices, however small, will justify an increase of the revenue at the time of the periodical adjustment; and whether the revenue can be raised in full proportion to the rise in prices without any limit. This is a matter of principle which we have attentively considered. It can hardly be doubted that to the mass of the people a settlement based on a distant and incalculable contingency would mean uncertainty, and would be looked on with suspicion. It appears expedient also for many reasons at each periodical revision to leave untouched a margin of the profits arising from increase of prices with the view both of raising the standard of living among the agricultural classes, and of meeting the increasing cost of labour, stock and implements. For these reasons, as at present advised, we think that a point may be fixed to which prices must rise before the revenue is enhanced on this ground, and that a limit, say fifteen per cent., may be laid down to any increase of revenue to be made on the ground of prices at any one time. If some such lines as these are followed, we are of opinion that as much certainty will be given as is possible, without fixing the revenue unalterably for ever.

51. We have stated in the above paragraphs the principles on which we wish to base future revisions of the land revenue. If these principles are adopted, there can be little doubt that the value of landed property will rise considerably owing to the complete protection thereby given to improvements effected by the owners of land, and owing also to the security which the proposed system will afford against large and sudden enhancements of revenue.

The improvement of the system of assessing land to revenue has indeed been our chief object in proposing these measures, which have, in the first

instance, been conceived entirely in the interests of the owners as distinguished from the occupiers of land.

52. It is, however, our desire, in anything that may now be done, to avoid the mistake of looking to the rights and interests of only one of the parties concerned. Of the evils which may result from a settlement of the land revenue in which the interests of the tenants have not been sufficiently considered, we have an example in Bengal, and it is only necessary on this point to refer Your Lordship to the recent correspondence regarding the Bengal Rent Bill. It is true that the proposals we are now making do not amount to a completely permanent settlement of the revenue. They go, however, a very long way in that direction, inasmuch as they limit future assessments by fixed principles, and to that extent will be binding on future Governments. There is no doubt that the periodical revision of the revenue, as at present practised, operates to some extent as a check on the rack-renting tendencies of bad landlords, and that this check will be removed, if the principles now advocated by us are adopted. We wish, therefore, emphatically to state that a fair and reasonable measure of protection to all tenants is, in our opinion, a necessary condition of the proposals now made. Unless the benefits which a better system of assessment is calculated to secure can be in some degree extended to the tenants, we do not care to move in the matter. There is no doubt that our proposals involve a sacrifice of future revenue, and we are not sure that we should be justified in incurring this sacrifice solely in the interests of the landowners. If, however, the advantages can be passed on to the agricultural classes generally, and a substantial improvement effected in their condition, the prospective loss of revenue becomes a matter of comparatively small importance.

53. In what manner this object can be best attained, what form of protection may be most suitably adopted we are not yet in a position finally to determine. Our view is to limit enhancement of rent where possible to the same grounds as those on which alone it will be in the power of Government to enhance the revenue, and to some extent to maintain a similar proportion in the amount of enhancement. This can only be done effectually by combining it with a certain fixity of tenure in the case of tenants of the classes now unprotected by the law; but whether this can be done by absolute prohibition of ejectment, except for arrears, or by compensation for disturbance, or by any other means, depends greatly on the existing conditions of tenant right in each province. In this respect the circumstances of each province are materially different, and it is more than probable that no one measure can be devised which will suit all. It is enough here to state that the measures proposed with the view of giving a character of permanency and certainty to the land revenue must, if adopted, be accompanied by measures for giving a certain fixity of tenure to the ryots, and for securing them against oppressive rents. The two matters are in our opinion inseparable. What those measures of protection shall be must be determined by us in consultation with the Local Governments, with due consideration to the special circumstances of each province.

54. We wish, before closing this despatch, to place on record a distinct intimation that in the measures we now bring forward we do not intend to do more than to limit the grounds on which land revenue itself is to be enhanced, and that the liability of landowners, either to bear a share in local or provincial cesses, or in any general taxation which it may be necessary to impose, remains altogether unaffected by the proposals herein contained.

55. Finally, we desire to explain to Your Lordship that we are aware that the present communication is wanting in many details. These we shall be prepared to provide if the general outline of our proposals meets with Your Lordship's approval. We have seen and consulted the Lieutenant-Governors of the North-Western Provinces and of the Punjab about these matters, and have, after receiving their opinions, convinced ourselves that until an expression of Your Lordship's opinion on the main issues of our proposals has been received, it will be difficult to elaborate the minor details of the scheme. We trust, therefore, that Your Lordship will consent to accord approval to the

principles upon which the system of self-regulating settlement or adjustment of revenues is under the present proposals to be based.

We have the honour to be,

MY LORD MARQUIS,

Your Lordship's most obedient, humble Servants,

RIPON.

D. M. STEWART.

J. GIBBS.

E. BARING.

T. F. WILSON.

C. P. ILBERT.

S. C. BAYLEY.

T. C. HOPE.

APPENDIX.

The Settlement reports which have been received by the Government of India since last Review of recent October have been six in number—two from the Punjab, two from the North-Western Provinces, and two from Oudh (which province was at the time when the settlements in question were effected under a separate administration).

The following is a short summary of those portions of them to which it is now desired to draw notice in illustration of the difficulty to which prominent attention has been drawn in the body of the despatch of ascertaining the true value of land:—

Bijnor (North-Western Provinces).—The settlement of this district lasted ten years, from 1864 to 1874, and having cost 5½ lakhs of rupees, left the total assessment practically at the same amount as before. The papers were submitted to the Government of India for confirmation of the settlement in June 1881.

The settlement was under the charge of three successive officers who are reported to have formed very different views as to the appropriate rates on which to base the assessment, or, in other words, as to the proper method by which to ascertain the value of the land. The Board of Revenue considered it "useless to attempt to reconcile their opinions." "It is impossible," they write of this district, "to build up a sound assessment upon any mere manipulation of figures. The country abounds in anomalies. There is no accounting for it, and the people themselves can only say 'It has been even so from time immemorial.'" The Board of Revenue in these words appear to admit the impossibility of ascertaining the true value of agricultural lands for the purposes of assessment.

Finally, the Government of India found itself constrained in its review of the settlement to make the following remarks, which afford sufficient evidence of the confusion, harassment, and unsatisfactory results that frequently accompany a revision of settlement, even in a province in which the system of land revenue assessment has always been understood to have received the earliest attention of the leading revenue officials:—"Not only were the operations thus prolonged, but it is also to be regretted that circumstances forced the Settlement Officers to frame their assessment on imperfectly recorded data. It is admitted in the report that the field books did not agree with the maps; that irrigation was largely and systematically concealed; that the kannangs, who are the officials responsible for providing information, were remarkable for their ignorant incapacity; and that until settlement, no attention at all was paid to the patwaris of certain parganas. In fact, until the assessing officers entered the district, no preparation whatever appears to have been made by the revenue authorities for the approaching work of reassessment. This omission, though it may doubtless be accounted for by the nature of past practice, and the comparative novelty of systematic efforts to prevent imperfection in agricultural records, necessarily had the effect of throwing upon the Government the expense of extra official establishments, and upon the Settlement Officers the almost impracticable task of drawing conclusions, upon the soundness of which the stability of their work entirely depended, from materials characterised in the final report as incorrect."

Muttra (North-Western Provinces).—The settlement commenced in 1872, and was completed in 1879. The Resolution of the Local Government forwarding the result of the assessment is dated 1st August 1881. The cost was 6 lakhs of rupees. The revenue was increased from Rs 13,65,002 to Rs 15,30,464, or 12 per cent.

The assessment was imposed by careful and experienced officers, who are expressly stated to have made special allowance for poorer classes of land. The Government of India accepted the conclusions of the Local Government that the settlement had been made on fair and lenient principles, and that the enhancement would not press with undue severity on the tenants. Some apprehension was, however, expressed by the Government of India that the settlement operations had encouraged landlords to depress or extinguish rights of occupancy; and it was also feared that the more insecure portions of the district would give way under a failure of season. Since the receipt of the report it has been ascertained that the rental collected in several villages of this district has, through the effect of the drought of 1877-78, become actually less than the revenue still imposed, and that in some cases 25 per cent. of the occupancy tenants have lost their rights.

It is proved therefore that, notwithstanding the apparently lenient settlement of the poorer land by some of the best officers of the service, the revenue system has in a portion of the district disastrously broken down.

Rohtak (Punjab).—The settlement commenced in 1873. The Resolution of the Local Government forwarding the result of the assessment is dated April 1882. The cost was 3½ lakhs. The revenue was increased from Rs 8,86,953 to Rs 10,63,370, or 19½ per cent.

Since 1845 the crops have failed badly or entirely on seven occasions. Each one was attended with great privations and with terrible loss of cattle. As many as half the cattle in the district, about 2,500,000, having been reported as destroyed in 1877-78. "The existing revenue system is admitted" (by the Settlement Officer) "to have failed on this occasion," and he adds that transfers and mortgages have been largely increased by the unfortunate policy pursued; and that unless some guarantee can be given that the present system is worked carefully and intelligently, he advocates a fluctuating system of assessment.

The difficulty of obtaining data for the formation of rates is acknowledged, and it is shown that beyond such general considerations as "the habits and character of the people, the proximity of markets, the facilities of communication, and the incidence of past assessments" no positive test existed for gauging the suitability of the rates which have been assumed.

In reviewing the report the Local Government remarks that "the Settlement Officers assumed that the demand of the settlement was fair at the time, and then having regard to the increase in cultivation and resources, fixed as a possible revenue a proportionally higher sum." These words contain within themselves an admission that elaborate enquiries for the ascertainment of rates otherwise than by deduction from the revenue rates already existing are ineffectual.

Gurgaon (Punjab).—The Gurgaon settlement report has not been actually received; but the question of the assessment of this district has been brought before the Government of India in connection with an application for advances, which are to some extent rendered necessary by the revised assessments which have been lately imposed, though not yet confirmed by the highest authority.

The Gurgaon district adjoins the Rohtak and Muttra districts. Much discussion has taken place among the local authorities as to the rates of assessment which ought to be imposed, and the latest opinion recorded by the Local Government is that, notwithstanding the pains taken to arrive at fair rates by the revenue officials concerned, whose experience and ability seem to be undoubted, many villages, of which the number is as yet unknown, are overassessed. The Settlement Officer quoted the results of the assessments in the Muttra district as justifying the rates in Gurgaon. The failure in Muttra has already been noted. He states that "the soil entries were more minutely checked than they had been by any other Settlement Officer," but admits that he failed, as it may easily be supposed that he would fail, in forming a correct estimate of the value of the different soils in all cases. The following remarks addressed by the Local Government to the Financial Commissioner are a sufficient indication of the uncertainty which affects an assessment believed to have been made with considerable industry and care. "It is admitted," writes the Secretary to the Punjab Government, "that the assessment of the district generally is a full one as compared with that of most districts in the Punjab. The demand is at any rate Rs. 1,92,000 in excess of the average demand of the years preceding settlement. In the Palwal tahsil the increase taken was 32 per cent., and in the Nuh tahsil 26½ per cent. above the old demand. In the village assessments, as a rule, the land revenue was enhanced; and in some instances it was doubled and occasionally trebled. Of course it is by no means to be inferred from such facts taken by themselves that the assessments were too severe, although fiscal demands of the nature of land revenue can rarely be doubled without causing pressure, if not suffering, to individuals; and this remark is especially applicable to the case of densely-populated and long-inhabited tracts. But it is only too evident that in the south-west of the Gurgaon district the increase has not stood the test of time and circumstances. The measurements for the new settlement appear to have been made during a year of exceptionally good rainfall, when every available acre was probably cultivated, and the area of flood irrigation showed at its best. There seems reason, therefore, to believe that too sanguine a view may have been taken of the capabilities of this part of the district."

Kheri (Oudh).—The settlement commenced in 1867-68 and ended in 1879. The original proceedings were not efficiently supervised, and much of the earlier work was thrown away. The cost of the settlement was Rs. 85,757.

The revenue was increased by progressive enhancements from Rs. 4,93,868 to Rs. 8,02,411. The fact that such a large increase can be required by the present system of assessment appears to tell greatly against it. The agricultural outturn of Kheri is very fluctuating, but from very opposite causes to those affecting the three districts last considered. Floods and fever, the effect of excessive rain, cause destruction of crops, sickness and murrain. As an example of the uncertainty of the agricultural outturn in this district, it is stated that the cultivated area, instead of increasing as the Settlement Officer expected, was found to have considerably decreased between the beginning and end of settlement operations. The assessment broke down at once, and its failure was attributed to its having been framed on a theoretical basis. The Commissioner of the Division accordingly attempted to frame a new assessment, the one which the Government of India is now asked to enact, upon the "actual basis of the averages of eight years;" but he is at the same time compelled to acknowledge that the "fluctuation of outturn are startling," and that "petty zamindars have no chance of surviving except under a very different revenue system." Four successive officials were employed in the settlement of Kheri, each of whom adopted a different method of assessment. Each one, we are told by the last of the series, "devised rates after his own fashion, and even guessed his own areas." The settlement of this district affords, therefore, the same evidence as in the other cases,—of the failure on the part of the revenue officials to ascertain suitable rates.

Fyzabad (Oudh).—The settlement commenced in October 1862. The Resolution of the Local Government forwarding the result of the assessment is dated 6th April 1882. The cost was nearly 9 lakhs. The revenue was increased from Rs. 2,08,550 to Rs. 16,11,059, or 33 per cent.

The first ten years were occupied in an assessment which was admitted on examination to be based on wrong methods and calculations, and was almost entirely revised. In a resolution by the Local Government the officer who finally revised the settlement is said to draw a gloomy picture of the condition of the agricultural population under the pressure of the assessment. The Commissioner remarks that the effect of the settlement has been to create a body of "discontented, if not disloyal, people among the upper class tenantry," who are elsewhere in the report represented to be one of the most sturdy and martial classes in Northern India. The officer in charge of the district is stated by the Lieutenant-Governor to have been compelled to warn the proprietors that, as the only means of preserving their heritage to their children, he must unflinchingly keep them to the punctual payment of their current rents by the agency of the law. Notwithstanding these circumstances the Local Government is convinced that the assessment is not higher than the exceptional circumstances of the district demand under the system of land revenue assessment in force in Northern India. The plain deduction from these facts appears to be that the system itself must be wrong.

These cases happen to be the last six cases that have come before us in the form of settlement reports from Upper India. A further illustration of the liability to failure involved by the present revenue system has within the last few weeks been furnished by a report from a district officer in Oudh on the results of an investigation into the condition of the tenantry of certain estates.

"In this district," he says, writing of Lucknow, "I believe that over-assessment first led to rack-renting. The landlord had to raise his rents considerably to meet the enhanced demand; and once the tenant had been found able to cultivate at abnormally high rents, revision did not mend matters as far as the tenants were concerned."

The above cases are a fair example of the facts which, among other considerations, have led to the conclusion expressed in the 28th paragraph of the despatch, that a time should come in the history of every district and of every province when the renewal of a valuation of agricultural property on any elaborate system should cease.

No. 63.]

No. 24, dated India Office, London, the 22nd March 1883.

From—The EARL OF KIMBERLEY, Her Majesty's Secretary of State for India,
To—The Government of India.

I HAVE considered in Council, with the attention demanded by the importance of the subject, Your Excellency's letter * of the 17th October last (No. 17 Revenue), proposing for my approval principles in accordance with which you think that the existing system of the revision of periodical settlements of the land revenue in Upper India should now be modified.

2. These principles involve, in the first place, the final abandonment of the policy of a permanent settlement of the land revenue in each. The adoption of that policy was decided on by Sir C. Wood in his † Despatch No. 14 (Revenue) of 1862. But, after the long discussion summarised in paragraphs 12—17 of your letter, its execution was suspended by the Duke of Argyll (Despatches ‡ Nos. 24 and 26 of 1871), pending a reconsideration of the whole question, in accordance with recommendations of the then Government of India and of the Select Committee of the House of Commons on Indian Finance.

3. The report of the Government of India called for by the Duke of Argyll has not, for reasons stated in paragraph 19 of your letter, been received, although the Secretary of State has learnt from a compilation of papers transmitted in 1874, ending with the letter of the Lieutenant-Governor, North-West Provinces, dated 2nd March 1874, the result of the enquiries undertaken with a view to its submission. And I presume that your present letter is to be understood as in substitution of that report.

4. Under these circumstances, it is desirable that I should state briefly the reasons which have led me to eoneur in your decision to reject the policy of a permanent settlement pure and simple. I shall not, however, refer to the practical difficulties of the measure, which have been amply discussed in India, and have been shown to be great. I shall merely consider whether the experience of the last 20 years supports the views on which Sir C. Wood's Despatch of 1862 chiefly based that policy.

5. It was believed in 1862 that no material increase was possible in the revenue of tracts then pretty fully cultivated. Now the increase in the land revenue receipts between 1861 and 1881 has been about 2,500,000L; that is to say, temporarily-settled revenue has risen in 20 years about 17½ per cent. Great part of this increase, it is true, is due to the extension of cultivation which will not recur in the same degree; but on the other hand, the proportion of assets taken as revenue has been lowered in Upper India from two-thirds to one-half, while some original settlements elsewhere have reduced the demand. The increase of the rental of Bengal since 1793 affords a still more striking illustration of the possible sacrifice of future revenue which a perpetual settlement may occasion. It is estimated that the net rental left to the landlord classes by the permanent settlement has increased 14 times, and that the gross rental, including the fixed Government revenue, has more than trebled, in three generations. It appears to me therefore that, even with the strict and careful limitations of enhancement of assessments which your proposals involve, the temporarily-settled revenue may reasonably be expected to rise by something like 5 per cent., or say by 750,000L, each decade. I need not point out of what importance such an increase will be to meet the growing cost of necessary reforms and of improved administration.

6. It must, moreover, be borne in mind that the fiscal policy of India has been materially changed since 1862. Import duties as such have been abandoned; the salt tax has been lowered; the income tax has been abolished; the license tax is comparatively small; and the stamp taxes are not likely to be enhanced. The rates of excise revenue are nearly as high as they can be, and an increase in its yield from larger consumption of liquor or drugs is not desirable. There are, therefore, few existing taxes the proceeds of which would be likely to be considerably augmented by the possible increase of wealth arising from the introduction of the permanent settlement. At the same time, the general popular discontent which might be caused by the imposition of new taxes, needed to meet growing requirements of public expenditure, in the absence of the normal growth of the land revenue, would probably outweigh the advantages of such a settlement.

* Vide Paper
No. 62.† Vide Paper
No. 21.‡ Vide Papers
Nos. 57 & 58.

7. The expectation entertained in 1862 that fixity of the Government demand on the landowners would lead to more considerate treatment by them of their tenants, and would thus promote the prosperity of the cultivators generally, has not been confirmed by the result of the recent discussions on the Bengal Rent Law; while it does not appear to be generally admitted that the agricultural population of the permanently-settled districts of the North-West Provinces is more prosperous than that of the temporarily-settled districts.

8. Finally, it was thought that a permanent settlement must certainly be advantageous to the existing landowners. In Bengal it was not so. Most of the zamindars with whom the permanent settlement was made were ruined within a generation. There were doubtless special causes of this. But I cannot but think that the general introduction of a permanent settlement would intensify the tendency to a transfer of the ownership of land from the agricultural to the commercial classes. In the greater part of India the economical effects of this change would be so doubtful and the political risk so great that it is not expedient to take any step which may promote it.

9. For these reasons I concur with Your Excellency's Government that
Vide Revenue Despatch to Bombay, No. 29 of 1879. the policy laid down in 1862 should now be formally abandoned. But on the other hand, you are equally opposed to periodical, complete, re-settlements. You consider that only the most prominent of the evils attending them are "the uneasiness arising from uncertainty, the harassment of the agricultural classes, the discontent engendered by mistaken assessments, the check to expenditure on improvements, the positive deterioration of agriculture in the last years of the term of settlement," to which I may add the heavy cost and great delay involved in the operations. My predecessor has expressed similar views, and I need only say that I concur in them.

10. You seek, therefore, a system which shall secure the advantages and avoid the evils of the other two systems; which, while ensuring to the public exchequer a reasonable share in the increase of agricultural wealth due to causes independent of the exertions of the agriculturists themselves, shall give security of property to landholders, and shall make the conditions and limitations of future demand clear to them. Such a system you think can be framed upon the principles you now recommend for my approval.

11. You call this system, I must first remark, a self-acting or self-regulating one. The expression appears to me hardly appropriate, for, as you show, it will need on the part of the officers employed to revise assessments, and of the Government, much care, attention, and discretion. Nor can I conceive any method by which these requirements can be dispensed with.

12. You lay down two principles as the basis of your scheme. First, that a reasonably fair and equitable assessment of an estate at a given time

Vide Revenue Despatch to Bombay, No. 14 of 1881. having once been arrived at, that assessment, which you call the initial assessment, shall not be altered on revision with the view of establishing under changed circumstances an equality of incidence with the assessment of other estates. This principle has, in effect, been already accepted by my predecessor, and subject to the observations made below (paragraph 26), I approve it. Second, that no improvements of any kind made by the landholders, owners or tenants themselves shall be taken into account in revising assessments. This principle is embodied in the land law, or is admitted in the settlement rules in almost all parts of India, and I approve it without qualification.

13. You also point out that the success of the measures you propose depend upon the establishment, where it does not already exist, of an efficient system of agricultural statistics and village records. The steps which, with the approval of my predecessor, you have taken for the formation of an Agricultural Department under each Government will, you believe, secure this object.

14. The scheme you propose is, as you explain, merely sketched. Its details will be elaborated in consultation with the Local Governments, and with due regard to local circumstances, when my approval of the general principles on which it is based has been received; but a general outline of it appears to be as follows.

15. The first step is to decide the initial assessment to be taken as the

Lasis of future revisions. For this purpose you divide the districts of Upper India into three classes :—

- 1.—Those, re-settled generally since about 1872, in which the Local Government is assured that existing assessments are now fair and adequate. This class, you believe, will comprise the greater part of the North-Western Provinces, Oudh, and the Punjab. In it the existing is to be assumed as the initial assessment.
- 2.—Those probably confined to a few districts in the North-West Provinces and Oudh, in which the Local Government believe that the existing assessment is decidedly inadequate as compared with the actual assets. In this class you propose that the existing assessment shall be, on a summary examination of the village papers, raised nominally to a fair sum, and that sum assumed as the initial assessment. I am not certain of the exact meaning of this proposal, but it would seem to be this :—On an estate, the actual assets of which are now shown by summary inquiry to amount to Rs. 1,000, while the assessment is only Rs. 300, or 30 per cent. instead of 50 per cent., the initial assessment will be assumed to be Rs. 500, and on the expiration of the current settlement it will be considered whether or not Rs. 300 but Rs. 500 shall be enhanced on general considerations.
- 3.—Those districts, the whole of the Central Provinces, and a few districts, elsewhere, in which the existing settlement is so inadequate, imperfect, or inequitable that no initial assessment can be arrived at without a regular revision. Even in this case revision operations should, you think, be simplified.

16. I entertain some doubt whether these proposals are in all respects judicious. As regards the second class, you, in effect, propose to declare in 1883, not only on what principles assessments are to be revised, but also what will be on the expiration of the current settlement, perhaps 20 years hence, the amount of an assessment to be imposed under any circumstances, and which may be still further enhanced. The proposed summary inquiry seems to me not unlikely to lead to erroneous results, especially in the case of estates largely cultivated by the proprietors, and where the village papers will not show the actual rental. And in that case the total prospective enhancement arrived at may be an injudicious or oppressive one.

17. I desire therefore that, in framing the details of your system, you will consider whether it will not be better to omit the Central Provinces, as these territories, it is acknowledged, must have a regular revision; and as regards other parts of Upper India, to declare now the general rule that current settlements shall in future be revised only to the extent and on the principles approved in the following paragraphs; but that it is left at the discretion of the Local Government, before each settlement expires, to represent to the Government of India that the district or part of it requires more complete and systematic revision, subject, of course, to the rule that improvements of the land-holders are not to be taken into account. If, as I think should be the case (paragraph 26 below), the enhancement be not necessarily an uniform one throughout a district, so that estates hitherto assessed particularly lightly may receive a somewhat higher proportionate enhancement, cases of the exceptional treatment of districts or estates will probably not be numerous. It is another argument in favour of this course that the village records on which you rely for information as to whether an estate should be treated exceptionally or not ought to be more trustworthy some years hence than they can be now.

18. The initial assessment having been determined, the principle which you propose is that it shall be enhanced on revision on three grounds only :—

- (1) Increase of cultivation.
- (2) Increase of produce due to improvements made by the State.
- (3) Rise of prices.

Subject to the following remarks, I approve this principle.

19. As regards the first ground, you consider that a small extension of cultivation beyond the initial area should not be taken into account. Beyond this, waste land, if brought under the plough, will be assessed when the current

settlement expires at fixed and moderate rates which will be now laid down. This plan, apparently borrowed from the ryotwari systems, involves questions of detail which may be left to your further consideration in consultation with the Local Governments.

20. As regards the second ground of enhancement, you intend to lay down the rule that no State improvement which does not directly increase the quantity of produce shall constitute a ground for enhancement, save in so far as it causes a rise in price. In the case of a village which used to suffer from want of drinking-water, but is near a new tank or canal, there can be no doubt that, irrespective of any question of prices, the value of the estate is raised as compared with that of a similar village a few miles from the water-supply. Again, an estate close to a station on a new railway is benefited more than one of ten or twenty miles distant. The advantage in this case may be ultimately resolved into one of price, but it is not one which can appear in the price returns on which the Settlement Officer must act, since the gain to the cultivator is not one of increase of market price, but of saving in carriage. The argument applies equally to any saving in the cost of production which is not general, and you will therefore on further consideration no doubt conclude that the proposed rule goes somewhat too far.

21. The third is by far the most important of the three grounds of enhancement. You propose, in the first place, that assessments shall not be enhanced on account of a trifling rise in general prices; secondly, that enhancement on account of a more considerable rise shall not exceed a certain limit, say 15 per cent. You think also that enhancement should not be in full proportion to a rise in prices; that it will be expedient to leave a margin with the view of meeting any increase in the cost of agriculture, and of providing for a rise in the standard of comfort. Subject to these limitations, there will, you believe, be little difficulty in arranging the details of a scheme by which assessments shall rise on revision with rise of prices. Your intention appears to be, having decided what staples and markets are to be adopted for the purpose of the calculation, to take as the initial price the average price of, say, ten years before the introduction of the current settlement, and to compare this with the similar average price for its last decade.

22. These views I in general approve, but in framing the details of your scheme I request your careful consideration of the following observations:—

First.—Scarcity prices, you will agree with me, ought certainly not to be taken into consideration as a reason for enhancement. I presume, therefore, that years of famine will be carefully excluded from the series on which average prices are to be computed.

Second.—The danger of regulating assessments with reference to average prices is that assessments low during a series of years of high prices may be raised on the average prices so obtained when the series is at an end and a cycle of years of low prices has set in, so that practically assessments will be in inverse ratio to prices. The excessive oscillations of prices in India make this danger an appreciable one, as, you are aware, recent experience of the Deccan settlement has shown. Still, however, there can be no doubt that there is a steady tendency in India to a rise of prices. The greater abundance and efficiency of the circulating medium and the development of means of communication, which tend to bring prices in India more nearly to a level with those prevailing in the countries to which she can export her produce, are causes which must produce this effect. Where, therefore, the land is largely cultivated by its proprietors and actual rent payments are rare, the course of prices must be the principal guide, though one to be used with great caution.

But *thirdly*, in tracts where land is generally let to tenants for cultivation, there is the difficulty, one much insisted upon in the North-West Provinces discussions of 1872, that where rents are much regulated by custom they, and consequently assessable assets, do not necessarily vary in proportion to variations of prices. Hence Sir W. Muir* recommended that assessments should be

* His letter of 2nd March 1874.

enhanced in some proportion to, not a rise in prices alone but, a general rise in the

letting value of land, the mode of ascertaining which he pointed out. This the improvement in the village records will render easier, and where, as in Oudh, land is generally let, I am disposed to think Sir W. Muir's the safer method.

23. There is one other consideration, alluded to in paragraph 8 of your Resolution of 4th October 1881, which is undoubtedly of much importance in deciding on enhancements of assessment. I mean the revenue history of the tract or estate under revision. Your scheme necessarily assumes that the initial assessment is fair, but this is not really always the case, as indeed the instances cited in the appendix to your letter sufficiently show. However carefully a settlement may have been made, nothing but experience can show whether it is really a fair one. If a district or an estate has not prospered during the term of the expiring settlement, if cultivation has not extended, if stock has not increased, if the people have grown poorer, if the original settlement proprietors have largely lost their proprietary right, if there has been much difficulty in realizing the revenue, the Settlement Officer may be pretty sure that the assessment ought not to be enhanced even though general considerations should indicate an increase.

24. If it is intended to impose an uniform percentage enhancement arrived at on the general considerations which are to guide the Settlement Officer, upon all the estates included in the settlement under revision, I am not sure that this principle is correct. On the one hand, public improvements may have specially affected particular estates; on the other hand, particular estates or tracts, especially the less fertile ones, may clearly have been assessed disproportionately high by the settlement under revision; or their general state of prosperity may not justify the imposition of the usual rate of enhancement. I would therefore desire you to consider whether the method should not be that of determining, upon the principles you advocate, the general enhancement of the tract under revision, and of distributing that enhancement over the estates comprised in it in accordance with the circumstances of each, which it is the object of the improvement in village records to enable the Settlement Officer readily to ascertain.

25. I observe that your proposals relate to Upper India only; they are, however, it appears to me, equally applicable, *mutatis mutandis*, to the ryotwari settlements of Madras and Bombay. A scheme closely resembling that which you propose was unsuccessfully advocated by the Government of Madras in 1868, and my predecessor in Despatches of the last two or three years has urged principles in all essentials similar upon the Government of Bombay. I would suggest, therefore, that you should consult the Local Governments of Madras and Bombay whether the principles now approved may not be extended to those Presidencies, with such modifications as may be required by local circumstances.

26. I entirely concur in the views expressed in the 54th paragraph of Your Excellency's Despatch, that the liability of landowners, either to bear a share in local or provincial cesses, or in any general taxation which it may be necessary to impose, remains altogether unaffected by the proposals now approved.

27. In your 51st and following paragraphs you state your views upon a collateral and extremely important subject,—that of the protection of tenants, in its connection with the question of the principles of settlement. The policy you now propose has, you say, been conceived entirely in the interests of owners as distinguished from those of tenants; but a fair and reasonable measure of protection to all tenants is, you think, a necessary condition of it; the two questions are inseparable, and unless the benefits of the new land system can be expended in some degree to the tenants, you do not care to move in the matter. The particular measures of protection to be adopted for each province must be settled after local-inquiry and in consideration of local circumstances; but, speaking generally, you consider that rents should be enhanceable only on the same grounds as and in some proportion to enhancement of revenue, and that tenants now unprotected by the law shall receive a certain fixity of tenure. And you ask in effect that, in accepting your proposals as to the future principles of the land revenue demand, I shall approve your views on the question of tenant right.

28. While I fully sympathise with you in your desire to make the agricultural population generally sharers to the greatest practicable extent in the benefits which a better system of assessment is calculated to secure to the country, I could not sanction the annoucement of any policy on so important and difficult a subject as tenant right for any part of the empire until the

facts and proposals had been fully laid before me, with the views and opinions of the local authorities.

29. The circumstances of the agricultural community, and the laws and customs on which the relative rights of the various agricultural classes rest, vary greatly in different provinces. In some (as the North-West Provinces and the Punjab) the law has within recent years been settled on a basis generally recognised to be upon the whole satisfactory. In others, the law is now under revision irrespectively altogether of the question of settlements. Elsewhere (as in Oudh) we are bound by concessions, engagements and laws, which render it necessary to proceed with the utmost caution and deliberation.

30. It is obvious, therefore, that if any change be proposed as regards tenant right, the subject must be treated on its merits in each province.

31. I so far agree with you, that I am of opinion that the introduction of new arrangements in respect to settlement which offer special advantages to the zemindar and superior holder affords a fitting opportunity for making any change which may be thought desirable in favour of the tenant; but I am unable to concur in your view that the one reform must be treated as inseparable from the other.

32. Unless, therefore, the Local Government of any particular province is of opinion that the opportunity should be taken for adopting measures of additional protection to tenants, I see no reason why on that account you should delay the introduction of the principles of assessment now approved, which are sound in themselves and will confer great benefits on the agricultural community.

No. 64.] Extract paragraph 4 of letter No. 525 R., dated Simla, the 9th May 1883, from E. G. Buck, Esq., Secretary to the Government of India, to the Secretary to the Government of the North-Western Provinces and Oudh.

**Vide Paper No. 59.* 4. The question of improving the system of the assessment of land revenue in the North-Western Provinces, was last dealt with in a precise manner in letter* No. 685 A., from Mr. C. A. Elliott, Secretary to the Government of the North-Western Provinces, dated the 2nd March 1874, and addressed to the Government of India during the Lieutenant-Governorship of Sir W. Muir, in which the prolonged enquiries, originating in the proposals of Sir Charles Wood's Despatch in † 1862 for a permanent settlement, were brought to a close. It is needless for the Government of India to follow in this communication the history of the proceedings and correspondence which took place between the arrival of Sir Charles Wood's despatch in this country and the letter to which reference has just been made, or to recapitulate the arguments of the whole discussion. It is sufficient for present purposes to announce that Her Majesty's Secretary of State has now definitely agreed with the Government of India in rejecting the policy of a permanent settlement, pure and simple.

No. 65.]

Memorandum.

Copies of the above letters (Nos. 61 and 63) were sent to Madras with the Government of India's letter No. 536 R., dated 15th May 1883; to Bombay with letter No. 539 R., dated 15th May 1883; and to Bengal with letter No. 585, dated 29th May 1883.

Copy of the Secretary of State's Despatch of 22nd March 1883 (No. 62 above) were sent demi-officially to the North-Western Provinces on 9th May 1883; to the Punjab on 17th May 1883; to the Central Provinces on 18th May 1883; to Burma on 22nd May 1883; and to Madras on 30th May 1883.

The Despatch printed as No. 63 closed the discussion so far as the question of a permanent settlement was concerned. The correspondence was, however, continued in a letter from the Government of the North-Western Provinces and Oudh, dated 17th May 1884, and a Despatch to Secretary of State, dated 16th August 1884. And in his Despatch which conveyed his final orders the Secretary of State so materially modified the qualified approval of the views of the Government of India which he had expressed in March 1883, that the whole Despatch is reproduced below in order to prevent the possibility of misapprehension:—

No. 4 (Revenue), dated India Office, London, the 8th January 1885.

From—THE EARL OF KIMBERLEY, Her Majesty's Secretary of State for India,
To—The Government of India.

I HAVE considered in Council your predecessor's letter, Revenue, No. 16, dated 16th August 1884, transmitting, with the recommendations of the Government of India, a letter from the

Government of the North-West Provinces, in which Sir A. Lyall submits his own views, together with opinions of the Board of Revenue, of several legal officers, and of some of the leading land-holders, upon the subject of the practical application to revisions of settlement in the North-West Provinces of the principles laid down in the letter of the Government of India, Revenue, No. 17, dated 17th October 1882.

2. Of these principles, the following were included in the original scheme submitted for my sanction; they were approved by my Despatch, dated 22nd March 1883; they are accepted by the Lieutenant-Governor and by the majority of the local authorities who have been consulted; and they may therefore be considered as finally decided upon:—

- (1) That the policy of a permanent settlement, pure and simple, shall be abandoned.
- (2) That the State shall still retain its claim to share in the "unearned increment" of the value of land to which there is a tendency in a progressive country.
- (3) That a general and permanent rise in the prices of produce is one of the principal indications and measures of this increment.
- (4) That it is nevertheless desirable to modify the existing system of revision of the temporary settlements of land revenue, with the view of rendering it less arbitrary, uncertain, and troublesome to the people.
- (5) That this modification should be effected at least in the following particulars:—
 - (a) Repetition of field operations (survey, valuations, minute inquiries into assets, and the like) which are considered to be inquisitorial and harassing to the people should be, as far as possible, dispensed with on a revision of settlement.
 - (b) Enhancement of assessment should be based mainly on considerations of general increase in the value of land.
 - (c) The assessment of an estate should not be revised merely with the view of equalising its incidence with that of the assessment of other estates.
 - (d) Improvements made by the landholders themselves should not be taken into account in revising assessments, but improvements made at the cost of the State should be taken into account, and also, to some extent, increase of cultivation.

3. From certain portions of the original scheme, such as the proposal to frame "initial" assessments in anticipation of the expiration of current settlements, and for reducing the period of the currency of settlements, I was compelled to withhold my approval. The Lieutenant-Governor objects to them; and as the letter now under acknowledgment does not insist upon them, it will not be necessary to refer to them further.

4. Of the principles included in the original scheme which remain to be decided on, the following are the most important. They are closely connected, but it will be convenient in this Despatch to deal with them separately so far as is possible:—

- (1) That enhancement of assessment shall be uniform over a province or at least a district, and shall not ordinarily (with some exception as regards extension of cultivation) be modified in any way, in respect of particular estates, in consideration of the actual change, either increase or decrease, which may have taken place in their rental value, during the currency of the expired settlement.
- (2) That the rules which govern enhancement shall be so framed as to enable the landowner himself to forecast, with approximate certainty, what will be the enhancement upon his own estate on revision.
- (3) That, especially with the object stated in the last clause, enhancements of assessment on revision shall (with some exception as regards extension of cultivation) be regulated solely by rise in the prices of produce, a limit, however, being fixed to the enhancement, so that (a) no rise in prices shall justify an enhancement of more than 15 per cent., (b) a small increase in prices shall not authorize any enhancement.

5. In my Despatch of 22nd March 1883, I expressed the doubts which occurred to me respecting these principles, and the present papers show that the Lieutenant-Governor and the majority of the local authorities are opposed them. But in the letter under acknowledgment the original views of the Government of India are still maintained. In these circumstances it is necessary for me to state, for the information of Your Excellency, the decision at which I have arrived after careful consideration of the papers before me.

6. As regards the first point, it appears to me that the correspondence now forwarded from the North-West Provinces justifies the doubts expressed in paragraphs 20, 23, 24 of my Despatch of 22nd March 1883. Practically the case stands thus: It is shown by the most experienced officers that in every district there are estates which could not bear an enhancement, or of which the assessment ought even to be reduced, on a revision, though the general rise of prices or increase of agricultural wealth might justify a considerable enhancement on the whole district. This may arise from several causes, either from actual error in the original settlement in ascertaining existing or estimating future assets, or from calamities affecting the estate during the currency of the settlement. For such tracts or estates any uniform ratio of enhancement, although it might be justifiable on an average, would manifestly be too high, and as Government could never deliberately ruin such localities, it follows that if the proposed rule were adopted, considerations of the effect on such exceptional estates must govern the general ratio of enhancement; it must be low enough not to injure them, i. e., must be practically *nihil*.

7. On the other hand, it is shown that there are estates whose value, quite independently of any exertion or outlay of the owners, will be found to have increased during the settlement period to an amount far beyond the general increase in value of the tract to which an uniform rate of enhancement would be applied. The same observation applies with equal force to parganas or even districts. The cases of Lalitpur (page 172 of the compilation), the rental

value of which will probably be doubled by the construction of a railway, and of Bnlandshahr, in which district the increase in actual rentals since the last settlement would justify an enhancement of 58 per cent. (pages 287, *et seq.*), are examples in point. Although I share the opinion of Your Excellency's Government that the enhancement of the assessment of such prosperous localities should be strictly moderate, and should not, merely in order to secure equality of incidence, be higher than financial or other considerations may show to be appropriate in each case, yet I am unable to perceive either the justice or the policy of the Government binding itself to impose upon them no higher a rate of enhancement than might be properly applied to other localities which were originally assessed more heavily, or which have prospered less.

8. It appears to me that the rule of uniformity, if applied in the manner apparently contemplated (paragraphs 6, 7, 8, 16, of the letter under acknowledgment), would unduly restrict the expansion of the land revenue in general, while it would have a strong tendency to cause over-enhancement of the less prosperous localities. For these reasons I am unable to approve it.

9. To the second of the above-mentioned principles the objections appear to me equally strong. In the first place, it does not seem to me possible that, under the system which your Government desire to introduce, any landholder "should have a criterion beforehand of what increase, within the limit of 15 per cent., he might have to pay" on the expiration of his current settlement. No one can do more than guess at the future course of general prices, or at the course of prices of the particular staples of any estate; yet it is proposed that on considerations of prices the future determination of the assessment shall depend. The landowner could only make a rough estimate on the expiration of his settlement of the assessment which Government ought to impose, and the power of making such an estimate, it seems to me, would be practically valueless to him and would only make him dissatisfied since he would be powerless to enforce his anticipation, which must still be dependent on the justice and moderation of Government, unless, indeed, it is intended to permit him to establish the accuracy of his own estimate by suit, and thus to transfer to the courts of law the determination of the amount of the revenue, an innovation which can hardly be contemplated. Finally it is intended that the liability of landowners, to whatever local, provincial, or general taxation may from time to time be imposed, shall remain unchanged (paragraph 54 of the letter of 17th October 1882). Such a reservation, indeed, is necessary; but it will, as is justly pointed out in the North-West Provinces papers (pages 51, 65, 77 of the compilation), effectually prevent the growth of that feeling of confidence in the limitation of the treasury demand which it is the object of the proposal to promote.

10. The third point is one of great importance, and is that which is chiefly dwelt on in the correspondence from the North-West Provinces. The Government of Your Excellency propose that the uniform and limited enhancements contemplated shall be determined solely on the ground of a general rise in prices.

11. In ryotwari provinces, that is, in those parts of the country where the actual cultivator holds direct from the State, the assessment of a holding is determined by Government in proportion to its value on general considerations, irrespective of individual exertion, investment of private capital, or other cause special to the holding. In such a case the rule proposed is in principle sound, although there are considerable difficulties in applying it even in a ryotwari country, owing to circumstances which are strongly insisted on in the North-West Provinces correspondence. Such are the great fluctuations in the prices of produce common in India, and the consequent uncertainty whether the prices ruling at the time of revision will not again fall; the difficulty of determining the staples, the price of which affects the assessment of each estate; the question whether the "standard of comfort" of the ryot, the share of the produce he habitually requires for his subsistence, has not risen since the old assessment was fixed, or whether an increased population does not demand a larger proportion of the total produce. Still the principle has been decided to be sound as regards Madras and Bombay, and this may also be admitted as regards those estates in the North-West Provinces which are cultivated solely by their owners.

12. It is, however, shown in the correspondence that the case is widely different when, as is general in the North-West Provinces, the assessment is paid, not directly from the produce of the land, but in fact as well as in theory from cash rents paid by the actual cultivators to the revenue-paying proprietors. Such rents, it is demonstrated, though in the long run influenced by prices, have no immediate relation to them, and the result of applying the principle under discussion might be, often would be, that the proprietor would be called on to pay a heavier assessment though his rental had not increased, and though the purchasing power of his income had been diminished by the rise of prices; or, on the other hand, that his assessment would not be enhanced, though he had increased his income by raising the rents of his tenants without the justification of higher prices. It is not necessary for me to insist further on this point. Your Government admit that the objection is fatal to their scheme taken alone. "We cannot," it is said in the letter under acknowledgment (paragraph 10), "avoid the conclusion that, as matters now stand, prices will prove an unsafe basis for revenue enhancement."

13. But it is argued (paragraphs 11, *et seq.*) this would not be the case if rents as well as revenue were made to depend on prices. Your Government, therefore, reverting in effect to their original proposals (paragraphs 52 and 53 of letter of 17th October 1882), contemplate such a modification of the rent law of the North-West Provinces as shall give an occupancy right to almost all tenants, and shall permit the landlords to enhance rents solely on the ground of, and in some proportion to a rise in prices. It is urged, first, that such a measure will be greatly to the advantage of the tenants; next, that it will be to the advantage of the landlords, because it will render possible the scheme for the regulation of revenue enhancements which will, it is believed, benefit the landlords; finally, that the two measures ought not to be dissociated, because, by the offer of the enhancement scheme, the consent of the landlords to the proposals as to rent can be purchased.

14. My instructions are asked for upon these suggestions for modifying the existing rent law in the direction of a large extension of tenant right, suggestions of far greater importance than the alterations proposed in the settlement system. But I have not before me the materials for any definite decision on the subject. In my Despatch of 22nd March 1883 (paragraphs 28 to 32) I informed your predecessor that I could not sanction proposals of the nature of those

contained in paragraphs 52 and 53 of his letter of 17th October 1882 without being fully acquainted with the facts on which they were grounded and with the views of the local authorities regarding them. This information I have not received. Paragraph 13 of your letter now under reply contains a statement of the opinion of your Government, that a revision of the rent law of the North-West Provinces is necessary, but neither in that letter nor in that of the 17th October 1882 do I find any statement of facts in support of that opinion. The Lieutenant-Governor has not referred the question for the consideration of the authorities whom he consulted upon the assessment scheme, and has expressly refrained from committing himself to any opinion on it. Indeed, it appears from paragraphs 13 and 22 of the letter now under acknowledgment that the Local Government is still prosecuting inquiries, without reference to the assessment discussion, into facts bearing upon the working of the present rent law.

15. Without, however, prejudging the question, it may be useful that I should remind Your Excellency that about 1832, when the original settlement of the North-West Provinces was undertaken, a very high authority, Mr. Bird, recommended a policy not widely differing in principle from that which is now advocated, namely, that on the introduction of a settlement, Government should fix for its term not only the revenue, but the rates at which the proprietors should be entitled to levy their rents. This proposal was carefully considered by the then Governor General, Lord W. Bentinck, and his reasons, at that time accepted as conclusive, are still on record to possess occupancy rights) to determine among themselves the amount of rents. For nearly two generations, therefore, the economical system which it is now proposed to alter has prevailed, and the immense property in land which has grown up in the North-West Provinces during the past half century has been founded on it. Forty years later, in 1872, a law was enacted, after most careful inquiry and discussion, which defined the rights of the permanent cultivators or occupancy tenants, and gave them all the protection to which they were ascertained to be entitled. I need scarcely observe that interference with existing rights of property must always be attended with grave inconveniences, and is justifiable only on the most clearly established necessity. There is nothing before me at present to prove that such necessity exists.

16. Finally, I am not convinced either that the particular scheme for determining the relations between landlord and tenant which is advocated by the Government of India is practicable, or that it would be accepted by the people generally without dissatisfaction. I observe in the correspondence that although some able and experienced officers are in favour of it, most of the authorities who have noticed it view it with apprehension, and the Board of Revenue (page 50 of the compilation) "cannot conceal from themselves the grave discontent which its introduction will excite among the landowning classes, and the extreme difficulty of determining the rent of petty cultivators' holdings on the proposed basis" of prices. As regards the latter remark the great difficulty of regulating rents on this basis has been shewn in connection with the pending legislation for Bengal, where it has not yet been found possible to frame a satisfactory scheme for the purpose.

17. For these reasons I am unable to approve of those of the proposals before me the feasibility of which depends upon the adoption of the suggestions relating to an extension of tenant right, and I am compelled therefore to withhold my assent from those portions of the general scheme for the amendment of the settlement system which are detailed in paragraph 4 above. I should greatly regret, however, that on this account nothing should be done to diminish the admitted evils of periodical re-settlements on the present system, and I therefore proceed to consider Sir A. Lyall's proposals.

18. These proposals appear to be briefly as follow:—

- (a) It is advisable to declare a limitation to the amount of enhancement of the land revenue that may be demanded at all future revisions of assessment of fairly developed estates, and to abandon the scrutiny of rental assets and the system of detailed settlements in such estates.
- (b) To this end the estates should be declared the unit of operations, and all estates in temporarily-settled districts where fresh survey and complete revision of records and assessment are not absolutely necessary, might be classed as—
 - (I) fairly developed estates, that is, estates having a cultivated area reaching to or exceeding a certain percentage (to be determined by the Government of India) of the malgnzari area; and
 - (II) imperfectly developed estates, that is, estates having a cultivated area below the fixed percentage of the malgnzari area.
- (c) In estates belonging to Class II, revision of assessment might be made on the village papers after such scrutiny and testing as might be found necessary, and no limitation in the enhancement below the standard proportion of half-assets would be fixed.
- (d) In estates belonging to Class I, the revenue might be enhanced by the assessment of a general rate (without scrutiny of rental assets in individual estates or reference to increased cultivation) on general considerations, such as the rise in the letting-value of the land throughout the pargana or tract; but the amount of the enhancement should not exceed a certain fixed percentage (to be fixed by the Government of India) of the expiring demand.
- (e) The settlement of any estates in Class I, the landholders of which might object to assessment by the general rate, or the expiring assessment of which was known to be inequitable and oppressive, might be allowed on the method applicable to Class II estates.

(f) In both classes the right of the State in the increased agricultural profits due to the introduction and extension of State improvements that directly increase the unproductive power of the soil, would be reserved.

19. In some of the criticisms of Your Excellency's Government on this scheme (paragraphs 17 to 20 of the letter under acknowledgment) I concur. My principal objections to it, as a whole, are:—(1st) that it appears to carry too far the principle of uniformity of enhancement and to limit unnecessarily the revenue demand on the very estates (referred to in paragraph 7 of this Despatch) which can best bear enhancement; (2ndly) that it involves what I cannot but consider the dangerous policy of pledging Government for ever to a particular line of action.

20. On the latter point I entertain a strong opinion. Some of the principal administrative difficulties which now exist in India arise in a measure from such pledges having been given on former occasions. I consider that there is a great difference between the Government making a public declaration beforehand of what its future action shall be, and its laying down from time to time the principles which shall regulate its action. The latter is necessary for the guidance of its officers and to secure uniformity and continuity in administration, while the former would bind its hands, and the hands of its successors, when circumstances may have greatly altered. In my opinion, no hard-and-fast rules on the subject of the present discussion should be laid down; no such pledge or promise as that enhancements shall not exceed 15 per cent. should be given to the people. All the benefits anticipated from the scheme will accrue in due time if the new rules are promulgated simply by administrative order. When the people see that these rules are really acted on, this will give more confidence than any prior declarations. Besides, however good the scheme may be, it is certain that there will be points on which experience may enable the Government to introduce improvements, and it would be a grave mistake, by making promises now, so to tie up the hands of the administration as to prevent such improvements in the process, or the amendment of such flaws in it as may become apparent.

21. It is not desirable that I should attempt to lay down, for the guidance of the Local Government, rules for the revision of settlements. But I may state the general principle upon which, in my opinion, such operations should be conducted, subject, of course, to the conditions specified in paragraph 2 of this Despatch.

22. All tracts which are in a backward condition, whether whole districts or parts of districts, will, of necessity, in the first instance, be excluded from the operation of the scheme, because their present assessment would evidently afford no proper basis for the future assessment. These tracts must be left for regular settlement. As regards other localities, when a settlement is about to expire, a summary inquiry should be made into the condition and resources of the tract, similar to that which has been so successfully carried out by Mr. Bennett for Bulandshahr (pages 287, *et seq.* of the compilation), and upon the results of this inquiry the Local Government, with the approval of the Government of India, should determine the general rate of enhancement to be applied to the tract. The factors to be taken into consideration would be, general rise in agricultural prices, in actual rentals, and in letting value and sale price of land, and care would, of course, be taken that the increment determined on should be such as would not unduly raise the revenue, certainly not in any case beyond 50 per cent. of apparent assets. There is no necessity for determining beforehand what shall constitute the unit of area, that is, the area to which the same rate of increment will apply. This must depend upon local conditions. It might be the whole district, or, when the conditions of progress vary, different sections of it. Within that area the rate of increment as determined by the Local Government would, as a rule, be applied by the Settlement Officer reasonably all round. But it should be in his discretion to treat special cases exceptionally. There may be tracts or groups of estates to which a rate higher than the average rate should be applied, such, for example, as have benefited by improvements made at the expense of Government, or where there has been an unusual increase of cultivation or rise of rental. There may very probably, on the other hand, be estates in which, from over-assessment or other cause, it may not be expedient to take the whole increase, or any part of it, or in which possibly even a reduction of the existing demand may be required. And objecting proprietors might have the option, as proposed by Sir A. Lyall, of a regular revision.

23. A procedure, such as is here sketched, if introduced with care and applied with discretion, may be expected to diminish, if not altogether to remove, the evils of the present system of periodical re-settlement, whilst it would not unduly sacrifice the claims of the State to profit by the increasing value of the land.

24. I desire that no time may be lost in issuing instructions to the Local Government in accordance with the decisions contained in this Despatch, and a copy of it should be supplied to the Lieutenant-Governor for his information.

PART IV.—Papers on the subject of a permanent settlement in Oudh.

No. 66.]

No. 285, dated Simla, the 13th September 1871.

From—J. GREGORY, Esq., Under-Secretary to the Government of India,
To—The Chief Commissioner of Oudh.

I am directed to forward herewith a copy of the documents noted on the margin, on the sub-
-ject of the settlement
Home Department Revenue Proceedings, dated 22nd May 1860, Nos. 3 to 6.
dated 26th March 1870, " 3 and 4. of the land revenue
Memorandum from Public Works Department, No. 144 I, dated 25th March 1870. in the North-Western

*Vide Paper	Home Department Revenue Proceedings, dated 27th May 1871, Nos. 23 to 25.	
No. 56.	" " " " "	" 27 to 31. No. 33.
"	" " " " "	" 37.
+Vide Paper	Land Revenue Proceedings, dated 29th July 1871,	" 26.
No. 54.	Despatch to Secretary of State, No. 7, dated 26th May 1871.*	
§Vide Papers	Minute by Honourable J. Strachey, dated 26th September 1870.	
Nos. 57 & 58.	Memorandum by Sir D. Macleod, Lieutenant-Governor of the Punjab.†	
||Vide Paper No. 71.	Minute by His Excellency the Viceroy, dated 7th July 1871.‡	
	Despatch to Secretary of State, No. 5, " 21st " " §	
	" from " " 24, " 20th " " §	
	" " " " 26, " 27th " " § ||	

Provinces, and to solicit an expression of your opinion on the questions discussed in paragraphs 18 to 34 of the letter to the Government, North-Western Provinces, No. 276, dated 26th May 1871.

No. 67.]

No. 1358, dated Lakhnau, the 24th April 1872.

From—J. WOODBURN, Esq., Offg. Personal Asst. to the Chief Commr. of Oudh in the Rev. Dept.,
To—The Secretary to the Government of India.

¶Vide Paper
No. 66. I AM directed to acknowledge the receipt of your letter No. ¶ 285 of the 13th September last, requesting an expression of the Chief Commissioner's opinion on the questions discussed in the Home Secretary's letter to the Government, North-Western Provinces, No. 276, dated 26th May 1871.

2. In considering the propriety of an extension of the system of permanent settlement, the Chief Commissioner addressed himself in the first instance to the objections which have been urged against the existing system of periodical settlements. They have been fully considered in a thorough and able minute by the Officiating Judicial Commissioner, formerly Settlement Commissioner of this province, a copy of which accompanies this letter, and to the practical suggestions of which he would invite the special attention of the Government of India. The objections to periodical settlements are said to be these three—(1) the withdrawal of the best officers for the work of revising settlements; (2) the heavy expenses both to Government and the country caused by the revisions; and (3) the low selling price of land in temporarily-settled districts as compared with that in permanently-settled districts. Sir George Couper considers it sufficient to record in the shortest terms his views on these objections. The withdrawal of good officers for the revision of the settlements he believes to be, so far from an injury to the country and the administration, an advantage, inasmuch as it affords one of the few opportunities young officers now have of forming a close acquaintance with the habits, feelings, and wants of the people we govern. The heavy expenses of the revisions are chiefly occasioned by the preparation of elaborate records and registers, which are unnecessary to the simple work of assessment, and which ought to be regularly maintained, not fitfully revised. The comparatively low selling price of land in a temporarily-settled district is a point which he has not yet seen proved.

3. Although the evils of periodical settlements, such as they are, are, in the Chief Commissioner's opinion, already counterbalanced by special advantages, or capable of simple remedy, it does not follow that a permanent settlement may not be better for the country. At the same time a permanent settlement being a change, and a great one, in our system, it appears to him that before agreeing to it we should be thoroughly satisfied of its advantages and of the facilities for introducing it. First, then, of its advantages. These are said by its advocates to be both political and economical. Its opponents are met by the picture of a loyal and happy peasantry, whose rents are easy, whose industry is assisted by every sort of agricultural improvement, whose circumstances expedite the growth of native manufactures, and extend the import of foreign stores. Would a permanent settlement, then, affect the people? The permanent settlement is made with the "Malguzars"; no one has proposed a sub-settlement with the ryots. In Madras alone, then, would a permanent settlement affect the people? In the North-Western Provinces it would reach a somewhat numerous proprietary; in Oudh it could attach to us but a few; and would those few be attached to us by a permanent settlement even in cash? In this we are not without experience. Were the land-holders in the permanently-settled districts more loyal than those in the temporarily-settled districts? Is Patna now more staunch than Agra?

4. A permanent settlement in cash is on all hands abandoned. It would be the deliberate surrender of the one great resource of revenue allowed us by ancient custom and equitable theory. A permanent settlement in grain is a mockery of the name. There has been no truer remark made than that of the *Indian Observer*, that it would appear to the majority of landowners simply a *dodge*, and for all political purposes it would, the Officiating Chief Commissioner believes, be thoroughly valueless.

5. On the other hand, it may be urged that, though the boon of a permanent settlement, even in grain, might not be so patent a benefit as to command the immediate and grateful loyalty of the malguzars of the country, it would produce in its economical results so contented a people as to secure a general good-will to the administration. What, then, are the economical results expected from the measure? Improvements, says one writer, a general investment of capital, says another. Are we justified in this anticipation? Does the experience of Bengal, of Benares, of maafidars' estates in Oudh, warrant it? Is there in any of these papers an appeal to the logic of facts in support of this argument? Has this concession led to this

result hitherto? The settlement being made with the malguzars, it is they alone who are benefited, and it is they alone who will improve and invest capital. In Madras these would be the village ryots and the "petite culture" is not favourable to the development of systematic improvements. In Oudh these would be the taluqdars, of whom there is, unfortunately, not much to expect in this matter. A high authority has declared his belief that temporary settlements act "as a bar to the ordinary improvements, which are within the means and skill of the agriculturist to employ." It appears to the unpractical agriculturist that it must be a more than ordinary improvement, which cannot be introduced and worked to profit in a lease of thirty years. The most skilful agriculture in the world is compatible with a system of twenty-one years' leases, and there is reason for the belief that terminable leases encourage a special energy in cultivation. The cultivation of *mazsi* estates is proverbially slovenly; and Sleeman in his *Rambles* quotes the saying of the Natives themselves—"that the incitement of the revenue demand brings a blessing to the soil."

6. The saving to Government and the people by the cessation of all "settlement operations" for ever is urged as one of the advantages of a permanent settlement. With the exceptionally laborious details of even an Oudh settlement, it is doubtful whether settlement operations will cost in any district half a year's revenue; and if suggestions, such as those of Mr. Currie, for curtailing the scope of the settlement operations and limiting the record to the assessment papers are acted on, the labour and expense of future settlements will be very greatly reduced. With this will be reduced the cost to the people in the period during which improvements may be stopped and land sales difficult; and there will still remain those special opportunities for an acquaintance with the people which have given the Civilians of the North-West their distinguished rank in their own Presidency.

7. These are the "advantages" of a permanent settlement. It remains to examine how this benevolent, if not beneficial, scheme is to be introduced and carried out. Seeing that a permanent settlement in cash involves the result that the purchasing power of the fixed land revenue will steadily decrease, while the charges on the administration will as steadily increase, it is now proposed to make a compromise, and give the people a permanent settlement on the basis of a grain assessment. The first step would then be the ascertainment of gross, not net, produce, village by village. To the theorist this may be a small matter. In the eyes of a practical assessor, like Mr. Onsley, and of a practical agriculturist, like the late Viceroy, it is "the greatest difficulty that no agricultural statistician has to contend with."

There would have next to be determined the *average* area of each staple in each village,—an enquiry which would require a reference to old papers, of the trustworthiness of which, manufactured as they would be for the occasion, it is not hard to form an estimate.

That done, if one staple were selected, it would probably be insufficient in many districts for more than a single pargana; if more than one were selected, there would follow intricate calculations as to the proportions of these to be demanded. That done, there comes the enquiry into selling price of the selected staple,—an enquiry which, to lead to a safe result, must be extended over a long period of years. And lastly, there is the determination of what is the net produce which reaches the malguzars' hands,—a question which, in cash-rented districts, never really comes into the heads of the landlord and tenant. The proof is not far to seek. Take the Baghiput Pargana, which originated this correspondence, and the Rai Bareli instances referred to by Lord Mayo. In an unpublished report on Shahjahanpur, Mr. Currie states that in the sadar tahsil prices have risen 70 per cent. but rents only 22; and the most famous Settlement Officer of the North-West Mr. Elliott writes of his district—"The art of fixing rents is almost a lost one. No theory of rent whatever seems to exist. The idea of any sharing of the value of the produce between the cultivator and the zamindar is utterly strange and unknown. If you ask any zamindar the reason why such a field pays such a rent, the most intelligent of them can give no answer, except to say that their ancestors fixed it so. So far as rents have been altered, they have been altered not on any broad theory of rents, nor of the value of the soil, but by a rude competition, which often brought out results at utter variance with those which a real valuation of the land would have given." This is the condition of things we have to deal with. How are we to apply to the assessment of the revenue a principle unknown to the revenue payer in the determination of rents? If the resulting settlement is to be bearable, it cannot be equitable.

8. Indeed, the new condition for permanent settlement proposed by Sir William Muir requires the existence of a state of rents which the reports from every part of Upper India show to be not yet developed, and which there is no reason to anticipate will be reached for generations to come. As remarked by the Commissioner of Rai Bareli, the new condition, without saying so, virtually makes permanent settlement impossible. It will raise hopes which will never be fulfilled, and the Chief Commissioner agrees that it will not only be more straightforward in appearance but more politic in reality to refrain altogether from offering a permanent settlement than to offer it on terms which nowhere can be met.

9. But assume that the new condition for permanent settlement is satisfied, and that a tract is found in which the malguzars are, and have been, of such universal intelligence that "on a broad theory of rent" they have assimilated all rents to an estimated proportion of actual produce, the initial step of the permanent settlement in grain is taken, and the Government due on the constituent villages fixed in maunds, say of wheat. What then follows? If there have been errors in the initial assessment, these are not merely stereotyped; they will be aggravated with every revision, and can be remedied only by a re-survey, which many estates will be, no doubt, prompt to court. But in the impossible assumption of an absolutely

fair initial assessment, there still remain two obstacles to the feasibility of a simply arithmetical revision at stated periods: First, all estates must retain their relative positions in the matter of productiveness. This they will no more do than all men remain till death in the position in which they are born; some estates will deteriorate, while many advance. Second, the rentals of all estates must advance continuously and *ex pari passu* with the rise in price of their selected staple. In no part of India has this yet happened, and it is one of the bidden, but most material, benefits our rule has brought to this country, that our commerce has so increased prices, while custom, accident, or law has shackled the rise of rent. To insist that, in future, they shall march together, is to remove the last chance of the betterment of the ryots' condition.

10. This, it seems to the Officiating Chief Commissioner, is the rugged ultimate of the new scheme;—these are the cords of love with which we will bind to us the millions of the poor. As for the rich, they will get what they will consider an unpermanent settlement, and be worried by a series of cases, where they were wont to pay a single and fairly steady demand.

11. The more the Officiating Chief Commissioner thinks of it, the more he is persuaded of the wisdom of continuing "that system of periodical settlement which obtains in the greater part of India, and which, though it is attended with many evils, is not inconsistent with justice, and is in accordance with Native custom and traditions." Its evils may be greatly reduced; its value as a guide and, if it would only be used as such, as a check in the undertakings of the administration, he believes, can scarcely be over-estimated.

12. I am directed to enclose to you with this letter copies of letters from the Officiating Judicial Commissioner, the Commissioners of Lakhnau, Faizabad, and Rai Bareli, and the Settlement Offices of Baraich and Gonda.

PART V.—Papers on the subject of a permanent settlement in the Punjab.

No. 68.]

Extract paragraphs 11 to 16 of letter No. 85, dated Fort William, the 5th March 1861.
From—Colonel H. M. DURAND, C.B., Secretary to the Government of India, Foreign Department, to the Secretary to Government of the Punjab.

11. As regards the revision of assessment in the Jullundur Doab with a view to permanent settlement, I am to state that His Excellency in Council does not regard this measure as urgently required: the settlements in these districts have still more than twenty years to run, and aye, His Excellency in Council believes, working well. As the expiry of these settlements shall approach say within the last five years of the term, opportunity may be taken of revising the assessment and arranging for a permanent settlement. The same remarks apply to the districts in the Cis-Sutlej States. Or, again, if, during the progress of Mr. Prinsep's present work, there should be trained establishments available, they might be made use of in revising the assessments in the Trans and Cis-Sutlej States with a view to permanent settlement; or, again, such establishments, when they become available, could be employed in some of the districts adjoining the Umritsar Division, such as those of Lahore, Guzerat, or Goojranwala, of which the present settlements will shortly be expiring.

12. His Excellency in Council bears in mind the possibility that many parts of the Punjab and its dependencies may be found fit for permanent settlement under the conditions prescribed by Her Majesty's Government. If the Punjab Government shall be of opinion that the settlement in the Umritsar Division after the present revision should be declared permanent, the matter can be considered. If the work of revision be satisfactorily done by Mr. Prinsep's establishment, then that establishment can be similarly employed hereafter in other divisions; and thus the permanent settlement will be gradually introduced wherever required.

13. But the work of revising should proceed gradually; opportunity should be taken of revision in the several districts according as previous settlements expire or as trained establishments become available. In this way the work will be deliberately done by efficient establishments, and the unavoidable expenditure will be spread over several years. If revision were undertaken in many places at once, there would be a heavy and immediate expenditure, and it might be difficult to maintain so many establishments in a complete state of efficiency.

14. Lastly, in reference to paragraphs 16 and 17 of your letter under acknowledgment, His Excellency in Council thinks that caution should be exercised in the admission of claims to "latent rights" which are now for the first time brought to light. It is to be remembered that at the first settlement there was full enquiry into all the tenures and all the rights and interests in land. It may be well enough to rectify now any matter which may have been omitted to be settled previously; but this must not be made a handle for disturbing cases or questions which may have been decided at the last settlement.

15. Also, as regards the cultivators in whose favour right of occupancy was declared at the first settlement, His Excellency in Council considers that such decisions are by no means open to revision now. Wherever a tenant was declared hereditary or possessed of right of occupancy, this arrangement was either made with the consent of the proprietor on the claim of the tenant, or else the proprietor though he had an opportunity of objecting, did not object, or else the case was decided judicially. It is not now competent for a Settlement Officer to re-open these matters. But the *rent* which these tenants with right of occupancy are to pay may no doubt be a subject for revision; they have generally their right of occupancy so long as they pay a *fair rent*; as the value of land and of everything rises, the landlord may in

due course claim increased rent from them ; if this be disputed, the revising officer may now re-adjust the rent. Such revised rent, however, should not be a rack-rent, nor should it represent the utmost that could be exacted from the land ; but it should leave a fair margin of profit within this extreme limit as a special and beneficiary interest belonging to the tenant with right of occupancy.

16. In conclusion, His Excellency in Council desires me to observe that Mr. Prinsep states in his memorandum that he is awaiting decision on two points, namely, new ownership arrangements and remuneration of lumberdars ; and he adds that these must be decided before revision of assessments can be efficiently taken up. These questions must, His Excellency in Council presumes, be pending either before the Punjab Government or before the Financial Commissioner ; if so, I am to request that they may be speedily disposed of, as it is important to decide promptly all matters on which the conduct of operations depends. At the same time His Excellency in Council hardly sees why Mr. Prinsep should have been prevented from proceeding with the assessment. The Government revenue might be fixed, and the percentage at which the extra cesses are to fall might be determined afterwards.

No. 69.]

No. 382, dated Simla, the 4th July 1865.

From—The Honourable Mr. W. Moin, C.S., Secretary to the Govt. of India, Foreign Department,
To—The Secretary to the Government of the Punjab.

REFERRING to paragraph 11, *et seq.*, of Colonel Durand's letter No. 85, dated 5th March 1864, on the applicability of the principles of a permanent settlement of the land revenue to portions of the Punjab, I am instructed by the Right Honourable the Governor General in Council to forward, for the information and consideration of the Honourable the Lieutenant-Governor, the accompanying copy of a despatch from the Right Honourable the Secretary of State, and of a letter conveying the same to the Government, North-Western Provinces.

2. His Excellency in Council is of opinion that the rules for permanent assessments, as now defined and limited, might with advantage be applied to such portions of the Punjab as may be found, from their general advancement, to meet the conditions laid down for such a concession.

3. You will, therefore, move His Honour to take the subject into consideration, and to favour His Excellency with his views regarding it.

PERMANENT SETTLEMENT, PUNJAB.

No. 70.]

No. 260—550, dated Lahore, the 18th August 1870.

From—T. H. THORNTON, Esq., D. C. L., Secretary to the Government of the Punjab,
To—The Offg. Secretary to the Government of India, Foreign Department.

With reference to your office despatch No. 382, dated 11th July 1865, and subsequent reminders, calling for an expression of the views of this Government on the subject of the application to the Punjab of the principles of the permanent settlement of land revenue as set forth in the despatch of the Right Hon'ble the Secretary of State for India, No. 11, dated 24th March 1865, I have now the honour, by direction of Sir Henry Durand, to transmit, for the consideration of the Supreme Government, copies of minutes on this important subject, recorded by the late Lieutenant-Governor, Sir Donald McLeod, dated 2nd June 1870, and by Mr. R. E. Egerton, Financial Commissioner of the Punjab, dated 2nd August 1870.

2. The great delay which has taken place in replying to this reference is explained in the first paragraph of Sir Donald McLeod's minute as having resulted from non-receipt of a reply from Mr. E. Prinsep, Settlement Commissioner, to whom the papers were sent for an expression of his opinion. I regret to have to add that up to this date no reply has been received from Mr. Prinsep, though his attention was urgently called to the subject on the 4th of June ; but His Honour deems it unadvisable to delay any longer the expression of his own views on the subject.

3. His Honour, I am desired to state, concurring generally in the views expressed and arguments used by Sir Donald McLeod and Mr. Egerton, is of opinion that any attempt at present to fix permanently the Government demand for land revenue in the Punjab would be, to say the least, altogether premature.

4. A glance at the agricultural statistics of the province generally will show that it is in a state of agricultural infancy. Out of an area of upwards of 100,000 square miles, only 31,513 square miles are cultivated, and out of the cultivated area only about one-fourth part is irrigated, though in the Punjab irrigation from wells or canals is almost universally necessary for the production of the more valuable crops, and in the south-western portions of the province is necessary for the production of even the ordinary cereals.

5. Turning from the general statistics of the province to an examination of the agricultural status of particular districts, there are doubtless villages and tracts in which the percentage of cultivation and density of population come up to the standard entitling them to permanent settlement under the Secretary of State's despatch ; but, nevertheless, it may be confidently asserted that there are few, if any, in which the rent and resources are sufficiently developed to admit of their being permanently settled on their present assets without entailing a risk of great prospective loss to the State.

6. Let us take, for example, the recently-settled districts of Amritsar, Goordaspore,

Sealkote, and Goozerat : these districts are among the most highly cultivated and densely populated of the province; yet the average incidence of the Government land revenue upon the cultivated and culturable area assessed falls at the ratio of only 10 annas 4 pie to Rs 1-5-7 per acre,—an amount far less than is realised in more advanced districts of India, and far less than may be reasonably hoped for hereafter.

7. Again, an examination of the agricultural statistics of the districts noted in the margin, which districts are perhaps the most favourably situated of any in the province for the development of their resources, being at once populous, flourishing, and highly capable of well or other artificial irrigation, exhibits the following results :—

DISTRICTS.	Population per square mile.	Cultivated area in acres.	Culturable area in acres.	Total area.	Area irrigated in acres.	Percentage of area irrigated to total culturable and cultivated area.
Umritsur	532	927,730	173,661	1,101,391	303,502	.2
Goordaspore	438	615,111	50,701	673,818	87,938	.13
Sealkote	612	825,874	131,022	966,896	402,508	.42
Jullundhur	586	657,094	78,763	736,857	200,097	.27
Umballa	391	915,526	233,089	1,229,515	131,082	.11
Goozerat	312	654,458	254,644	949,102	236,573	.26
Loodhiana	429	729,890	62,625	702,416	23,118	.3

8. In brief, it may be stated that in those districts of the province which may be considered as most ripe for the permanent settlement of land revenue, there is manifestly ample room for future development of resources, either by expansion of cultivation, or extended use of irrigation, and production thereby of more valuable classes of crops.

9. But it is not only in the *quantity* and *class* of produce that improvement may be fairly looked,—there is also ample room for improvement in the *quality* of the more valuable staples. The cotton, the indigo, the tobacco, the saccharine produce of the Punjab are all, more or less, of inferior quality,—the result, it is believed, not of inferiority of soil, but of agricultural appliances, which defect, time, competition and contract with more advanced portions of the Empire will gradually remove.

10. In addition, however, to the prospect of improvement in the quality of agricultural produce, there is every reason to hope for a great increase in the value of its produce from the opening out of new markets. Until lately the Punjab has been to a great extent a home-producing country, and it has been practically cut off by want of easy communication from the markets of the rest of India and from sea-board trade. Thus the average price of wheat in ordinary years is from 20 to 30 seers for Rupee,—a rate far below the rates obtaining in most other portions of India.

But a great change is in progress : the opening of the railway from Lahore to Calcutta and Bombay, the Suez Canal, the future opening of the new line from Mooltan to Koti, will place the Punjab in easy communication with the markets not only of India, but of Europe, and will doubtless have the effect of raising the prices of its produce, and possibly lead to the development of new and important staples. Flax and hemp and other fibres of excellent quality are produced in the Punjab, and the growth of a trade with Europe in these commodities only waits the establishment of more speedy and certain communication : and oil seeds are already exported to Marseilles, and there is every prospect of the trade increasing largely. Wool is at present produced almost entirely for home consumption only, but may soon become an article of export. Indigo of excellent quality can be produced, and only requires improved manufacture to rival that of other parts of India. Our cotton is at present one of short staple and inferior quality, but in time may obtain a good place in the market at Bombay.

The above are only a few out of many agricultural products of the province which the expansion of commerce promises to increase in value and importance, while the large area of land yet uncultivated and the rapid increase of population promise to keep down the cost of production to a low figure.

11. Under the circumstances above set forth, His Honour cannot but consider that in a province just starting in a career of agricultural development, and which cannot be said as yet to have taken its proper position in the market with our more advanced provinces, and still less so in regard to sea-board trade, it would be the height of imprudence for the Government to pledge itself for a long term of years—much more for perpetuity—to a fixed monetary assessment of the Government share of the profits of cultivation.

For the enclosures of this letter, viz., the Minutes by the Lieutenant-Governor and Financial Commissioner, see No. 53 of this Selection.

No. 71.]

No. 5, dated Simla, the 21st July 1871.

From—The Government of India,

To—The DUKE OF ARGYLL, Her Majesty's Secretary of State for India.

* *Vide Paper
No. 56.*

In continuation of our Despatch * in the Home Department, No. 7 (Revenue), dated the 26th May, on the question of the introduction into the North

Western Provinces of the principle of the permanent settlement of the land
 * No. 250—550; dated the 13th revenue, we have the honour to forward, for Your
 August 1870. Grace's information, copy of a letter,* and of its
 annexures, from the Government of the Punjab, on the same question as affecting
 that Province. One of these papers, Sir D. F. McLeod's Minute, has
 already been forwarded with our letter cited above as an appendix to the
 minute of the Honourable J. Strachey.

No. 72.]

No. 284, dated Simla, the 13th September 1871.

From—J. GROGHEOAN, Esq., Under-Secretary to the Government of India,
 To—The Secretary to the Government of the Punjab.

Home Department Revenue Proceedings, dated 22nd May 1869, Nos. 3 to 6.
 " " " " " " 26th March 1870, Nos. 3 and 4.
 Memorandum from Public Works Department, No. 144 I., dated 25th March 1870.
 Home Department Revenue Proceedings, dated 27th May 1871, Nos. 23 to 25.
 " " " " " " 27 to No. 31.
 " " " " " " No. 33.
 " " " " " " 37.
 " Land " " " " " " 36.
 " Land " " " " " " 26.
 Despatch to Secretary of State, No. 7, dated 26th May 1871.
 Minutes by Honourable J. Strachey, dated 26th September 1870.
 Memorandum by Sir D. Mcleod, Lieutenant-Governor of the Punjab.
 Minute by His Excellency the Viceroy, dated 7th July 1871.
 Despatch to the Secretary of State, No. 5, dated 21st July 1871.
 " from " " " " 21, dated 20th July 1871.
 " " " " " " 26, dated 27th July 1871.

* Vide Paper graphs 18 to 34 of the letter to the Government, North-Western Provinces,* No. 276, dated No. 55.
 26th May 1871.

No. 73.]

No. 35, Revenue, dated India Office, London, the 11th September 1871.

From—The DUKE OF ABEYLL, Her Majesty's Secretary of State for India,
 To—The Government of India.

^t Vide Paper
No. 71.

I HAVE considered in Council the Despatch † from Your Excellency in Council numbered 5, Land Revenue and Settlement, in the Department of Revenue, Agriculture and Commerce, and dated the 21st of July, with which you transmit certain papers on the policy of a permanent settlement for the Punjab in continuation of the documents already transmitted on this question in relation to the North-Western Provinces, by your Despatch of the 26th of May, No. 7.

2. These papers do not require comment until the whole subject is before me in your promised Despatch, but Mr. E. A. Prinsep should be called upon to explain his delay in replying to the repeated demands for an expression of his opinion on this important question.

No. 74.]

No. 180, dated Lahore, the 5th February 1873.

From—LEPPEL H. GRIFFIN, Esq., Officiating Secretary to the Government of the Punjab,
 To—The Secretary to the Government of India.

^t Vide Paper
No. 72.

In reply to your letter ‡ No. 284, dated the 13th September 1871, and subsequent reminders I am desired to forward copy of a memorandum by the Financial Commissioner on the question of permanent settlement of land revenue, and to state that the Lieutenant-Governor agrees in the conclusions at which Mr. Egerton has arrived for the Punjab. His Honour wishes to delay a short time before submitting his views on the general questions raised.

Annexure to No. 74.

Note by MR. R. EGERTON, Financial Commissioner, Punjab, on the question of permanent settlement of land revenue.

The first point for discussion in these papers is, whether the conditions under which a permanent settlement should be extended to any district, as laid down in the despatch of the Secretary of State of 23rd March 1867, are different or not. I have, on a former occasion, expressed my views regarding permanent settlement in the Punjab. The orders of the Secretary of State do not apply to this Province, and I think it unnecessary to enter any further on this subject here, as the Punjab is not under existing orders to come under permanent settlement.

2. The second point is the mode in which the Government assessment of land revenue should be fixed.

3. In the North-Western Provinces, the assessment is based upon the prevailing standard of rent, and this rule was prescribed for the guidance of Settlement Officers in the Punjab under the orders of Government, Punjab, marginally quoted which No. 594, dated 20th June 1864, were again affirmed by the Financial Commissioner, Sir D. McLeod, in his letter No. 3229, dated 17th September 1864, to the address of the Settlement Commissioner. It has happened, however, that in the revised settlements the Government assessment has never been based with any degree of accuracy upon a calculation of the net rental. The reason for this has been that the Government demand had never previously been based on such a calculation. The greater part of the land is cultivated by proprietors, and the tenants, paying in cash where there are any, pay customary rents fixed in an arbitrary way. These payments are sometimes merely the Government revenue and cesses; sometimes a small additional payment is fixed, but the cash rent is seldom if ever equal to twice the Government revenue on the land, which it should be if the theory of assessment at half the net rental is carried out.

4. The Government demand was under the former rulers of this Province paid in kind or by a money assessment, altered from time to time according to the season. Money rates were general for the better kinds of produce raised by irrigation, the yield of which was certain and uniform. It is not known how these rates were fixed in the first instance, but we found them existing when the first Punjab settlements were made, and they were no doubt based upon an estimate of the amount of the Government share and its value for some fixed unit of area under the special crops. But for grain crops generally the Government demand was realized by actual division of the produce (Bataé), or by an appraisement of the standing crop by an expert.

5. Under the conditions which have been stated, *viz.*—(1) The land being cultivated mainly by proprietors. (2) The former revenue having been realized chiefly in kind; it was impracticable to frame assessments on the rule of taking any fixed portion of the net rental. It was impracticable, for instance, to make such a calculation as the following:—

Given 1,000 acres, assessed at summary settlement at Rs 1,500.

	Acre.
Held by proprietors	800
Held by cultivators	200

Cultivators paying 10 per cent. in cash above the Government revenue.

Estimated rental 1,500 × 10 per cent. = 1,652 + 2 = Rs 25.

And so reduce the assessment to Rs 25 from Rs 1,500.

The Government demand was fixed at the first settlement on an estimate of what the villages could pay with reference to former assessments and present condition with the help of test rules taken from estimates of the value of a share of the produce, and from typical villages of the same tract which were known to be assessed fairly.

6. The original settlements were made when the price of agricultural produce was low. The assessments were fixed at a sum which could be paid while the prices were low. A great rise in prices has taken place since that time. Ever since 1861 prices have steadily risen. When revision of settlement began, little notice was taken of this, and the assessments were kept at the amount which had been previously fixed, chiefly because the rule by which the Government share of the net rental was reduced from $\frac{3}{4}$ to $\frac{1}{2}$ was considered to meet the rise in prices which had taken place.

7. The assessments are considered inadequate, and have been sanctioned by the Punjab Government for ten years only. They will be revised at the end of that period.

8. The proposal made by His Excellency the Viceroy in his minute, dated 7th February 1871, relates to districts which are fit for permanent settlement. It is needless to recapitulate what has been said in previous communications regarding the unsuitability of the Punjab for a permanent settlement.

9. In no single district of the province do the conditions exist which render a permanent settlement advisable. Some villages have developed their cultivation to the utmost no doubt, but this cannot be said of all the villages of any district.

10. The proposal to fix an assessment which shall be revised periodically according to the market price of produce can only apply to villages in which the cultivation is fully developed. It does not provide for increased cultivation nor for improvement in quality of crops, and in a country where there is room both for extending cultivation and for improving the crops produced, it is impossible to avoid periodical measurements and observation of the crops produced, if the Government land revenue is to be assessed with fairness.

11. The vast extension of cultivation which is going on, and the improvements in the class of crops grown upon the old lands, show that agricultural improvement is not checked by our present system, and while this growth is going on, and while we cannot see its limits, while the price of produce is uncertain, but has a tendency to rise, no measure which will bind the Government in regard to the assessment of land revenue should, in my opinion, be taken. Periodical measurements are no doubt grievous to the people, but the complaints are loudest when they know the revision will lead to increased assessment. I have never seen a village which required reduction object to settlement operations. On the contrary, I have seen the Settlement Officer welcomed as the man who was to give them relief. In considering the grievances of periodical measurements in the Punjab, some regard should be had to the natural tendency of the people to attempt in every possible way to evade an enhancement of the Government revenue which they know is justly demanded.

No. 75.]

No. 1470, dated 8th October 1873.

From—T. H. THERNTON, Esq., Secretary to the Government of Punjab,
To—The Secretary to the Government of India.

With reference to your Despatch No. 524, dated 27th June last and subsequent letters on the subject of the introduction of a system of permanent settlement into the Punjab, I have the honour to transmit herewith copy of a minute by the Honourable the Lieutenant-Governor, together with a copy of the note referred to in paragraph 14.

Annexure I to No. 75.

Minute, dated 4th October 1873, by the Hon'ble R. H. DAVIES, C.S.I., Lieutenant-Governor, Punjab.

THE importance of the question of limiting the Government demand for land revenue in perpetuity has made me slow to express an opinion upon it, and I do so now with diffidence. I can conceive circumstances in which such a policy would be advisable, but they would imply a decline of British power, of which there is no present prospect. But I have never been able to appreciate the motives which have impelled various administrations voluntarily to raise this delicate question.

2. The right of the State to the land revenue is not one founded on any known agreement with the people. It is antecedent to history or tradition,—the immemorial and inseparable incident of ordinary land-holding, the absence of which would be inconceivable to occupiers of land.

Under Native rule this right is so exercised as commonly to absorb the whole surplus produce of the soil. Under ours it is in practice so limited as to ensure to the landholders valuable property.

This limitation is confessedly necessary to the development of agriculture, and to ensure the regular payment of the revenue in cash during a term of years varying much in degrees of productiveness. It has ensured a vast increase and improvement of cultivation, without cutting off the State from all claim to augmentation of its revenue.

3. Those who advocate a perpetual settlement say that the property thus created is injured by the recurrence of periodical revisions of the assessment. But it is to be observed that this opinion is the expression of their own views, rather than of any popular feeling, much less the murmur of any organized agitation. Its rejection would cause no perceptible discontents.

4. On the other hand, there are evident dangers attending the perpetual limitation of the land revenue in a country almost destitute of manufactures and mineral resources, in which it is difficult fully to tax important commodities, and where the repugnance to the levy of newly-devised taxes is not less marked than the universal acquiescence in the long-established dues of the State. Nothing can be more vague than the ways and means with which it was proposed to recoup the exchequer for the deficit inevitable on the fixation once for all of its main supply. Thus Colonel Baird Smith wrote: "Assuming that the results of the measure would, in some degree at any rate, realise these anticipations, it seems unreasonable to suppose that an intelligent and powerful Government could fail to participate in them. Its intelligence would direct it to the least offensive and most effective means of sharing in the general prosperity, and its power would ensure the fair trial and ultimate success of those means. There would be no real sacrifice, therefore, I believe, but, on the contrary, a marked increase, of the public resources, from the increased private prosperity to which it is conceived that a perpetual settlement of the public demand must lead." So, too, Sir W. Muir: "The loss is one which it is apprehended would happen some 30 or 40 years hence. But by that time we might fairly look for a far greater enhancement of the revenue from the indirect return, caused by the vastly improved resources of the country than would have been obtained from the taxation of a portion of the increased rental anticipated from the extension of agriculture." So again, the late Sir George Edmonstone: "The prospective loss which the Government will incur by relinquishing its share of the profits arising from extended cultivation and improved productiveness will be partly, if not wholly, compensated by the indirect return which would be derived from the increased wealth and prosperity of the country at large." Lastly, the Secretary of State of 1862 considered that the advantages which might reasonably be expected to accrue not only to those immediately connected with the land, but to the community generally were sufficiently great to justify Her Majesty's Government in incurring the risk of some prospective loss of land revenue in order to attain them." There appears to have been a general feeling of misplaced confidence that, if once the land revenue demand were finally limited, the finances could be recruited from new and inexhaustible, though unknown and indefinite sources.

5. When this plausible measure came to be practically executed more caution and precision were shown:—

Firstly.—All estates with less than 80 per cent. of cultivation were excluded from perpetual settlement.

Secondly.—Such a settlement when conceded might be based on 60 instead of 50 per cent. of the existing assets.

Thirdly.—Backward estates were to be assessed only for a given term of years.

Fourthly.—No estate to which canal irrigation was likely to be extended within twenty years, and the assets of which were thereby capable of being increased 20 per cent., was to be assessed in perpetuity.

Fifthly.—It was to be a condition of permanent settlement that "the standard of rent" was "adequate."

Sixthly.—Advertence was to be made to the construction of railways and other public works; to the diminution of the value of the precious metals; and to the increase in the prices of agricultural produce.

Lastly.—It was suggested the inexpediency of limiting the assessment absolutely, and the propriety of its being so adjusted as to rise and fall periodically with the average price of produce.

6. It should here be noted that although the main motives for granting a perpetual settlement were the desire to ensure the prosperity of the country and the vague hope of the consequent up-springing of numberless fresh sources of taxation, some secondary arguments for it were also put forward, such as the saving of the cost of periodical assessments, the relief to the people from their abolition, and the prevention of the waste sometimes occasioned just before their renewal. As time went on, while the promised industries either languished or never came into existence, various influences violently affected the agricultural development of the country. Famines in some places were alleviated by means of railways, used for the first time in history for the exportation of the surplus produce of irrigated or otherwise favoured districts. Prices ran high. Production was proportionately stimulated. And it became plain that, wherever irrigation was available or the rain-fall constant there, at least the profits of cultivation were greatly increased. In this state of things the doubts as to the expediency of finally limiting the land revenue demand were naturally accentuated.

7. The original argument, indeed, may be said to have been abandoned. The brilliant prospects of an imaginary future faded away. The unsubstantial mirage of the "indirect return" vanished with the deceptive hopes through which alone it had taken shape. Luckily the substance had not yet been quite thrown away for the tempting shadow. But as the great illusion subsided, the lesser incentives to the adoption of the measure came into prominence. The deterioration of estates towards the end of periodical settlements and the worry and expense of each revision were emphatically proclaimed. There were, therefore, to be no more detailed measurements, or prying into the economical circumstances of estates, or grasping appraisement of improvements effected. The assessment was to be perpetual, that is to say, no more than a fixed measure of each kind of produce was ever to be taken; but, whereas experience had shown that the money value thereof was liable to much variation, this was to be fixed from time to time according to the average of several preceding years.

8. I will consider, first, the expediency, and, secondly, the feasibility of this scheme.

9. I.—It avowedly sacrifices the prospective income of the State, though in a less degree than the scheme for which it is substituted. Now, looking to our position in this country, and to the sudden crisis to which it is subject, I deprecate the voluntary forestalling of future resources. The phases through which this question has passed strikingly illustrate the difficulty of forecasting the character of times to come. And good intentions form but an imperfect excuse for the precipitate perpetration of ruinous errors which ordinary prudence and firmness would avoid. The scheme is simply a *pis aller*. It was probably forced into existence as the means of superseding the more extravagant project of fixing the Government demand in hard specie. It takes its rise in no popular requirement, nor in any State necessity. The sacrifice of revenue, admittedly involved, is made in sheer gaiety of heart without any external pressure. No sufficient proof has ever been advanced of the reasons alleged in its support. The statement of the arrest of cultivation and improvement on the approach of a fresh settlement is, according to my experience, open to the most serious doubts. The extraordinary reclamation of land that followed immediately on the annexation of the Punjab and of Oudh was undertaken in the face of proclamations that a regular settlement would be made as soon as practicable. In this case of Oudh, numerous proprietors of large estates had, to a certain extent, an interest in retarding improvement, and could have afforded to bear some consequent loss; but, even if they ever entertained such a design, its execution was so contrary to the well-being of the whole population as to render it impossible. The great body of cultivators have no means of living apart from the regular rotation of crops, and can rarely afford to reduce their extent; nor would the proprietors support them if they left their lands unsown. That every here and there wells may be covered up, and that during the year in which the measurements are made less sugarcane and other fine products may be grown than in ordinary years is true; but I am not convinced that the evil is of a really grave character. And I cannot help thinking that more stress than they deserve is laid upon the complaints preferred on the score of the vexation occasioned by the field measurements and other settlement operations. This is doubtless felt in some degree; and more especially when the result is an enhancement of the revenue demand, but the inconvenience is regarded as unavoidable, and would not be pleaded by the people themselves as a serious reason for so violent an invasion of the traditional rights of all Indian Governments as a permanent assessment, or ever be looked upon otherwise than as a necessary preliminary to the renewal of a settlement for a long term of years. The annoyance can be much mitigated by the employment of the village patwaris in the work of measurement, and by providing that the revision of settlements may always be conducted by trained and experienced officers and establishments. Under a good system, too, the operations preceding a revision of assessment will be commenced some

few years before the expiry of a current settlement. I cannot persuade myself that the deterioration of estates or the trouble to their proprietors caused by periodical settlement are evils of such magnitude as to call for a hasty relinquishment of the future natural increase of the land revenue.

10. In the papers before me, it appears to be assumed that the Government has already abandoned its reversionary claim to share in the increase of rent created by the expenditure of private capital. Such abnegation is, however, contrary to the custom of the country and to the practice that has obtained in the Punjab. I observe also that the soundness of the principle is questioned by the late Viceroy, who had an exceptional insight into questions connected with land. The ordinary application in Upper India of capital to the land consists in sinking permanent wells; and the rule in the Punjab is that the revenue cannot be enhanced on the area irrigated before the expiration of 20 years—a period calculated as much longer than is required for the recovery of the capital and interest expended. When this end has been secured the public right revives, and it is in entire accordance with the custom of the country that it should thereafter enforce in respect of the partition of the increased produce or its value. Permanently to exempt from increased demand lands irrigated from wells newly-constructed would render the incidence of the revenue on lands irrigated from old wells comparatively excessive.

Facilities for making permanent wells vary greatly in different localities; and are in an agricultural sense part of the bounty of nature. The circumstance of water lying in sufficient quantity at no great depth below the soil adds largely to its potential productiveness. It is true that the water is of little or no use until a well is made, but the act of rendering it available for irrigation is not one of such difficulty or costliness as to necessitate the perpetual exemption of the land from assessment proportionate to the augmented yield.

11. But the proposed scheme would not only give up absolutely the right to share at any future time in the product of private expenditure, but would also ent the State off from all interest in improved cultivation: such improvement is occasioned not solely by outlay of capital, but, in at least in equal degree, by multiplication of cultivators. Hence ordinarily, more careful tillage, less frequent fallows, finer crops. It is not enough to bring up a village to even the native standard of high farming (*Kamik*, as it is called) that a certain percentage of the areas should be under cultivation or irrigation. The cultivation may be careless, and the irrigation without manure,—deficiencies which the mere lapse of time, together with the increase of population, gradually remedies. Hence there seems no cause prematurely to limit the acknowledged share of the Government in the prospective rent. These are expansions of agriculture occurring under our eye. But who can foresee what revolutions may happen? The rent of land in the western counties of England has been more than doubled in the last century owing to the increased demand for butcher's meat. Why on any analogous change taking place in this country, should the State be debarred by its own act from the increased revenue?

12. So long as settlements are temporary the present practice can be safely maintained of graduating the assessment to the capacities of the village occupants. The operation is then not merely fiscal; villages held by families of the higher tribes, Saiyads, Brahmans, Rajputs, Gujars and others, are too frequently ill-farmed. But political considerations have free play, and prevent their assessment being brought up to the average standard. So the broken *patti*, the deserted hamlet, the hitherto under-assessed family, may all be leniently treated. There is nothing to prevent the Settlement Officer from making the well-being of the actual occupants his primary study. His treaty is made with them in their existing circumstances, and he has always the hope that in due course these may improve. But if the settlement were in perpetuity, he would be bound to look to permanent principle; and the tendency would be to transfer the land of these less successful agriculturists to speculators more enterprising.

13. Again, the working of a temporary settlement is carried on in a considerate spirit. The greatest reluctance is felt to visit revenue default with deprivation of proprietary right, and as no permanent sacrifice of resources is involved such a policy is safe, as well as popular. But when once the assessment is perpetual, its strict and punctual realisation becomes a vital necessity; and, as a matter of experience, we know that large numbers of the original Bengal landholders were on this account expropriated. As they presented only isolated families, the political consequences of their suppression may not have been serious; but in Northern India, where the proprietary rights and occupancy of land are vested from of old in populous and high spirited tribes, no disturbance of their possession on a large scale could take place without effects tending towards a social revolution.

14. If the expediency of the proposed scheme be doubtful, its feasibility is of secondary importance. I concur in the opinion expressed by Mr. T. H. Thornton in the annexed note, that it is impracticable if applied to lands the rainfall on which is very variable; it being clear that their yield may, and probably will, generally be in an inverse ratio to the ascending prices of produce. Mr. Thornton considers that the system would answer in those districts of the Punjab that are irrigated by inundation canals; but I cannot take the same view as the extent of irrigation varies greatly in different years, and is dependent on the rise and fall of capricious and unmanageable rivers. Moreover, as the cultivation shrinks or expands with the condition in which the canal heads and channels are maintained, efficient engineering establishments must be kept up, the cost of which is most properly defrayed from the increased revenue secured by the extension of irrigation. There remains for consideration only the tract irrigated from perennial canals. Here no doubt the yield is certain and the economical rent more or less graduated to the rise and fall of the current prices of the several

sorts of produce. But if a fresh average is struck for each year in accordance with the English Tithe Commutation Acts, then very detailed calculations for each separate village are involved, leading necessarily to recurring changes in the revenue demand entirely opposed to the stability and freedom from official interference expected from a permanent settlement. If, on the other hand, the average is based on the prices of the preceding years, and is to stand for several succeeding, it may prove totally inapplicable. So long as prices continue to rise, the settlement will stand; but should a cycle of low prices intervene, no one can say that the whole arrangement might not break down, and its principle turn out unreliable. It would appear that there is more of certainty and permanence in a settlement for a term of 30 years than in one, the figure of which varies every seven or ten years, and more probability of the effectual exertion of industry and thrift under the temporary than the so-called perpetual assessment. And, if it be only in tracts irrigated by perennial canals that the scheme is at all feasible, and even then is of dubious success, what becomes of the argument derived from the ease and peace accruing to the country from disuse of field measurements? It is in such tracts that they are inevitable—not once in 30 years for purposes of temporary settlement—but twice in every year for the ascertainment of the area of irrigation.

15. In those parts of the country where money rents are in vogue, which is not generally the case in the Punjab, the difficulties and detail of this scheme will be multiplied and complicated. It is one thing for the Government officers to say to the malazars, "we take your existing assessment as so many maunds of wheat, bajra, and sugarcane, and as these commodities have, on an average, risen so much during the past seven years, you must pay so much more," and quite another for them to go to each of their tenants and make a proportionate demand on them. It is highly improbable that the operose business resulting could be transacted without the intervention of special officers, and a far more minute, as well as more frequent, interference in village affairs must ensue than is necessary under the system of 30 years' settlements.

16. As regards the opinion, attributed to very high authority, that no considerable increase can at any time hereafter be looked for from the land revenue, I venture to deprecate its acceptance without detailed proof of its correctness. The subjoined figures, borrowed from Mr. Edward Thomas' careful study of "the Revenue Resources of the Mughal Empire in India," to my mind impose this burden on those who put forward these desponding views—

								Land Revenue. £
A. D. 1594	:	:	:	:	:	:	:	16,574,388
" 1648	:	:	:	:	:	:	:	22,000,000
" 1697	:	:	:	:	:	:	:	38,719,400

Here is surely sufficient indication of the amount of the ungrudging tribute of India, which we are proposing in the dawn of material progress to transfer to proprietors of our own creation. It was well to recognise these proprietors, and wise to ensure them a property worth having; for in truth they have long been and are to-day the class most nearly connected with the land. But can it be said for certain that, under their management, production will reach its limits, or capital be so lavishly invested in the soil as to dwarf the natural yield in comparison with its own profits? On the contrary, their system of farming is known to be imperfect, and their social habits are often marked by extravagant expenditure. It would be a vain hope to leave with them the fair revenue of the State in expectation of its being transmuted into additional agricultural capital. Unquestionably there is a nearer prospect of this revenue being used for public purposes by the State than by the present race of landed proprietors.

17. So entirely new to the great majority of them was the position in which we placed them as landlords, that up to this time in the North-Western Provinces they have either not desired or been able to take from the cultivators the fair and reasonable rent to which the concessions made by the Government entitled them. This has by some been alleged as a ground for a perpetual settlement, it being argued that it is useless to raise the revenue demand on the proprietor when he is unable to pass it on to his tenant. But the claim of the State is clearly not to a share merely of the sum which the proprietor manages to realise from the cultivators of the soil, but to a share of the surplus produce or of the economical rent, and cannot be defeated by the weakness of the landlord or the refractoriness of his tenants. And if the tenants are found to be practically in possession of the greater part of the rent left by the conditions of assessment to the proprietor, this is certainly no reason for making that settlement perpetual.

18. My voice then is against proposals which appear to me demonstrably inexpedient, unnecessary and impracticable. I uphold the existing system of settlements for 30 years as ensuring to the hereditary yeomanry of the country a valuable, though limited property, capable of improvement by thrift and industry, but not incompatible with the rights of the State to a revenue liable to the strains imposed by a foreign administration, a people averse to novel taxation, circumstances continually exacting a growing expenditure.

Annexure II to No. 75.

Note by T. H. THORNTON, Esq., dated 17th February 1873, on the Tithe Settlement of England and Wales and its applicability to the Punjab.

advantages of a permanent cash assessment might be obtained without an undue sacrifice of the public revenue, by the adoption of a system of assessments, varying with the price of corn, after the manner of the Tithe Assessment of England and Wales. Such a system, he thought, would secure to the State a due share in the increasing profits of cultivation resulting from high prices, and protect it against loss from fall in the value of money, while it would relieve the cultivator from the vexation of frequent settlement enquiries. His opinion was subsequently endorsed by one of the ablest members of the Supreme Council of India, Sir John Strachey.

2. Bearing in mind the opinions of those high authorities, I have taken the opportunity of furlough to Europe to make myself acquainted with the details of the English Tithe Assessment system, and venture to hope that it will not be deemed out of place in me to record the result of those enquiries.

3. Up to the year 1836, tithes were taken either in kind, the tithes so taken being stored in buildings and sold by the owner for his benefit, or in the form of a money composition, subject to reconsideration from time to time.

4. In the year above mentioned an Act was passed providing for the commutation of the tithes into a money payment, variable with the price of corn and under the operation of this and subsequent amending and explanatory Acts all the tithes in England and Wales have been commuted.

5. The manner in which this commutation was effected was as follows:—

A Board of Commissioners was appointed, two being nominated by Government, and one by the Archbishop of Canterbury, with power to appoint Assessment Commissioners, etc., etc.

The Board so constituted proceeded first to *value* the tithes in each parish. This was done either by means of a parochial agreement whereby a certain proportion of the landowners in a parish agreed to consider a certain sum to be a fair valuation for the time being of the tithe of the said parish; or, in the event of there being no parochial agreement, by ascertaining for each parish what had been the clear average value of tithes for seven years preceding Christmas 1835, due allowance being made on account of the expenses of collecting, preparing for sale, and marketing the produce. The amount so ascertained was then (after objections had been duly considered) awarded as the tithes for the parish.

6. The value of the tithes having been thus settled, the Board proceeded to the apportionment of the amount among the lands of the parish, having regard to the average titheable produce and productive quality of the land. This was effected either by the agency of valuers appointed by a certain proportion of owners, or, in the event of no valuers being appointed, by Assistant Commissioners appointed by the Board. The particulars of the apportionment were then set forth in a document comprising—like the *Shajrah* and *Khasrah* of our settlements—a map of the lands charged with tithe, and a statement showing the name or description and quantity of the several lands comprised in the apportionment, and the names and descriptions of the several proprietors and occupiers, the character of the lands, the amount charged on the several lands, and to whom payable. The document was after confirmation lodged with the Commissioners, and a copy lodged respectively in the registry of the diocese and with the parish records.

7. The rent charge ascertained and apportioned in the manner above described was thereupon *deemed to be of the value of such number of Imperial bushels or decimal parts thereof of wheat, barley and oats in equal portions as the same would have purchased at the rate of 7s. 0½d. for a bushel of wheat, 3s. 11½d. for a bushel of barley, and 2s. 9d. for a bushel of oats,—thereafter, from the first day of January following, the apportionment of the rent charge (the rent charge varies from year to year according to seven years' average value of the amount of wheat, barley and oats declared to represent the rent charge at the time of the apportionment, the average value above mentioned) being published on the 1st January each year in the London Gazette, by the Comptroller of Corn Returns.*

8. In cases where lands were cultivated as hop, or fruit, or market gardens, the assessment might, on the request of parties interested, be divided into two parts, termed respectively the ordinary and extraordinary charge, the latter being a rate per acre in excess of the ordinary rate for corn lands, and payable only in the event of the lands being cultivated as hop, or fruit or market gardens, and ceasing on the lands being no longer so cultivated. Lands newly cultivated as hop or market gardens are, in like manner, liable to an extraordinary charge.

9. Such are the main provisions of the Tithe Commutation Acts. In addition to the above there are other minute regulations, e.g., for the commutation of tithes on Lammas lands, or lands cultivated at one time of the year by one party, and grazed at another by another party; and lands liable to commonage, the charge of apportionment, the assignment of land in lieu of tithes, etc., etc., which need not be more particularly referred to here.

10. In considering the applicability of the system above described to the settlement of land revenue in the Punjab, the first question to consider appears to be, how far is the rise or fall in the prices of agricultural produce a fair test of the increase or decrease of the profits of agriculture?

11. Now, it appears clear that the rise in price of agricultural produce can only be a fair test of the increased agricultural profits provided—

First, that a rise of prices in a locality is not coincident with, or the result of, diminished production in that locality;

Secondly, that agriculture is not liable to frequent and marked vicissitudes of season.

Otherwise, it may happen that an increased assessment based on an average of previous years may be demanded during a succession of bad seasons, when relief, instead of enhanced demand, is called for.

12. So far as rain cultivation in the Punjab is concerned, neither of the above conditions would appear applicable; for, situated as the Punjab is at the verge, so to say, of the monsoon rains, it is perhaps more liable than any other province of India to great vicissitudes of season and any considerable rise in the prices of grain is an almost invariable result, save perhaps in a few favoured sub-montane tracts, of deficiency of rainfall in the province.

I venture, therefore, to express an opinion that, *qua* the rain cultivation of the Punjab, a rise in the prices of grain is no fair test of agricultural prosperity, and that the system of grain assessment is inapplicable.

13. On the other hand, in the Southern and Western portions of the Punjab, such as the districts of Montgomery, Multan, Jhang, Shahpur, Dera Ismail Khan and Dera Ghazi Khan, where cultivation is carried on almost entirely by means of irrigation, the system would appear to be eminently applicable, as these districts experience all the benefits of a rise of prices, whether resulting from deficient production in other parts of the province, or from improved communication, whilst they are effectually protected against all vicissitudes of season.

14. In the case of these districts the lands of a village might be assessed and the sum total apportioned as at present. The sum so assessed and apportioned might be deemed to be of the value of such number of measures (maunds or seers as the case may be) of wheat, bajra, sugarcane, etc., etc., in proportions representing the respective amount of these different kinds of produce as the same would have purchased at R per maund of wheat, bajra, etc. The price of commutation to be ascertained from a seven years' average price of the several staples in the principal market of the district or tahsil, as may be determined. Thereafter, from the first day of April following the date of the apportionment, the revenue demand might vary at intervals of five, ten, or more years, as may be determined according to a seven years' average value of the several staples declared to represent the land revenue demand fixed at the time of apportionment. The average value above mentioned being ascertained and declared on the first day of April each year, by the Financial Commissioner, for each district or tahsil of that part of the province where the system is applied.

15. But in the bulk of districts of this province cultivation is in part dependent upon rainfall, and in part is carried on by means of irrigation from wells, canals or river inundation. In regard to these districts I venture to suggest two systems for consideration.

First.—The system adopted in England of a double assessment of hop, or fruit, or market gardens, might *mutatis mutandis*, be applied. All the lands of a village might, in the first instance be assessed as if unirrigated; but in the case of lands now irrigated, or hereafter irrigated from wells, in addition to the ordinary assessment, an extraordinary charge might be levied *per well*, such charge being determined with reference to quality of soil, distance of water from surface, etc. It might be declared that the extraordinary charge shall not be levied until a well has been in existence for a certain number of years, to be determined with reference to the general cost of constructing wells in the locality; and the amount of extraordinary charge to be assessed on new wells sunk in different parts of the village lands might be determined at the time of settlement. The extraordinary charge should, like the ordinary charge, be expressed in kind, i.e., as representing certain quantities of ordinary irrigation produce, and vary with the price of the produce at such intervals as might be determined. In the case of land irrigated by canals the present system of levying a water-advantage rate might be maintained, but reduced, as in the other case, to its equivalent in kind.

16. The other system, which I venture to suggest for consideration, is the following:—

That the assessment should be made in the first instance, and the sum total apportioned as at present, but that the portion of the land revenue derived from irrigated lands be, as in the case of the villages referred to in paragraph 14, reduced to its equivalent in kind, that the settlement of a village be granted for a term of years, 20, 30, or 40, as the case may be, subject to the condition that the village should be liable at intervals of five or ten years, as the case may be, to an increase or decrease of assessment based on the average price of produce for seven years previously. Should the village accept the increased demand, no further enquiry into assets should be made. Should the village object to the increased assessment based on the price of produce, it should be liable to a regular re-assessment after the usual enquiry.

17. The adoption of the system of assessment above roughly sketched would, I humbly think, be advantageous at once to the State and to the cultivator; the State would, as before observed, obtain a fair share of the increasing rentals, and be secured against loss from the depreciation of the money standard; the cultivator would get longer leases, nay, in the case of villages in which cultivation has nearly reached its maximum, a settlement *in perpetuum* might possibly be granted without undue sacrifice of the Government revenue, and further in the event of a general fall in the value of produce, the land revenue demand would fall too, and thus adapt itself to the exigencies of the cultivator, without the necessity, as at present, of minute and protracted investigations.

18. It is very probable that persons more experienced than I am in the details of land revenue settlements may see many objections to the above scheme which do not strike me, but I venture nevertheless to submit the case to His Honour the Lieutenant-Governor, in the

hepe that he may see fit to take the subject into eonsideration in connection with the settlements now in progress. If it be deemed at present undesirable to introduce the system of corn rent assessment on a large scale, it might perhaps, should no vital objections be urged, be adopted experimentally in one or two villages of the province, in order that its working may be practically tested.

No. 76.] Extract paragraph 4 of letter No. 510 R., dated Simla, the 15th May 1883, from E. C. Buck, Esq., C. S., Secretary to the Government of India, to the Secretary to the Government of the Punjab.

4. THE question of reform in the system of land assessment was last brought before the

* Vide Paper No. 21. Government of the Punjab in conneetion with the Despatch* of Sir Charles Wood in 1862, which proposed the introduction of a permanent settlemeat. The correspondence which ensued ended,

so far as the Punjab was concerned, with an assurance on the part of the Local Governmeat

+ Vide Paper No. 75. conveyed in letter No. 11470, dated the 8th October 1873, that the Province was not yet ripe, for a permanent settlement. The question was, however, as His Honur is aware, allowed to receive a fuller investigation in the Province of the North-West, where the conditions for a permanent settlement appeared to be more thoroughly fulfilled. Nevertheless the Governmeat of

† Vide Paper No. 59. that Province finally decided that a permanent settlement could not be introduced, and in a letter,† No. 685 A., dated the 2nd March 1874, communicated to the Government of India

its decisio to that effect, putting forward at the same time suggestions for simplifying the existing system of assessment. It is needless for the Government of India to follow in this communication the history of the proceedings and correspondence which took place between the arrival of Sir Charles Wood's Despatch in this country and the letter to which reference has just been made, or to recapitulate the arguments of the whole discussio. It is sufficient for present purposes to auouone that Her Majesty's Seeretary of State has now definitely agreed with the Goverumeat of India in rejeeting the policy of a permaaeat settlement, pure and simple.

PART VI.—Papers on the subject of a Permanent Settlement in the Central Provinces.

No. 77.] No. 430, dated Fort William, the 3rd September 1862.

From—The Secretary to the Government of India, Forign Department,
To—The Chief Comissioner of the Central Provinces.

^{§ Vide Paper No. 12.} I am directed to acknowledge the receipt of your Seeretary's letter dated 22nd July, No. 532 (to the address of the Secretary to the Government of India in the Home Department) submitting your views on the question of a permanent settlement of the Land Revenue, and in reply to inform you that the Governor-General's Council will await any further communication you may have to make on the subject after attentive consideration of the recent Despatch from the Seeretary of State.

No. 78.] No. 38, dated Nagpore, the 8th October 1802.

From—Captain H. MACKENZIE, Secretary to Chief Comissioner, Central Provinces,
To—Colonel H. M. DURAND, C. B., Secretary to the Government of India, FOREIGN DEPARTMENT.

^{|| Vide Paper No. 77.} With referenee to your No. ||490 of 3rd ultimo, I am now to submit a further** state-^{**For earlier stat..} ment of the viws of the Officiating Chief Comissioner on the subjet of the introduction of a permanent settlement into the Central Provinces after an atteutive consideration of the Despatch from the Seeretary of State, No. 14 of 19th July last, forwarded with your No. 480 of 30th August.

^{¶ Vide Paper No. 13.} 2. In letter from this office No. ||532, of 22nd July last, and in the Revenue Chapter of his Administration Report recently submitted, the Officiating Chief Commissioner advoated the measure at some length. But se far as that advoeney relates to the general principle of the measure, a recapitulation of the arguments then made use of is now unnecessary, inasmuch as, after a disoussion of the various views which have been from time to time expressed on the subjet, Her Majesty's Government have, in the 58th and 63rd paragraphs of the Seeretary of State's Despatch, finally affirmed the principle and ordered its application wherever "the conditions absolutely required as preliminary to such a measure are or may be hereafter fulfilled." It therefore only remains to re-examino whoter those oenditions are fulfilled in any parts of these Provinces.

3. The conditons which are laid down as esseatial may be thus stated :—

1st.—That there shall be available, for the purposo of determining whether a given tract be in a mature state for the perinament limitation of the land assessment, those data which are derivable from a revenue survey of the land.

2nd.—That the assessments of land revenue shall have had sufficient trial to admit of the discovory of the defects which may always be presumed to have remained undiscovered at the time of Survey assessment, such defects being diaed as—

(I) Over-assessment.

(II) Inadequate assessment, whether *positive* in respect to its incidence per cultivated acre, or *relative* in reference to the excessive amount of cultivable but uncultivated land in the assessed area.

(III) Unequal distribution of assessment.

4. The Officiating Chief Commissioner previously stated that there were certain districts

1. Raepore.
2. Belaspore.
3. Sumbulpore.
4. Sironcha (Upper Godavary District).
5. Bhundara.
6. Mundla.
7. Seonee.
8. Chindwarrn.
9. Baitool.
1. Nagpore.
2. Chanda.
3. Wurda Nachengaoa.
4. Jubbulpore.
5. Saugor.
6. Damoh.
7. Nursingpur.
8. Hoshangabad.

in the Central Provinces, noted in the margin which cannot be considered to be in a fit state for the introduction; and on the other hand certain others, marginally entered, in each of which a permanent settlement might, in Mr. Temple's opinion, be *partially*, introduced. The grounds for that opinion were then stated but briefly. I am now to enter more fully into the circumstances of each district or tract, testing them by the above conditions, on the fulfilment of which alone it would now be proper to recommend that a permanent settlement be conceded.

5. Out of the 8 districts above-mentioned, 5, *viz.*, Jubbulpore, Saugor, Damoh, Nursingpur, and Hoshangabad, have passed through a 20 years' settlement, which expired in 1855-56. It was not based on a professional survey, but it worked fairly. It is now being revised on the basis of a professional survey. The operations were commenced and the establishments organized under the Government of the North-Western Provinces; and it may be hoped that the present settlement will not be inferior to that of the North-Western Provinces, and the fiscal arrangements (though differing in respect of tenure) should be similar, at least in respect of efficiency.

6. In paragraph 50 of the Secretary of State's Despatch, Sir Thomas Munro's opinion is quoted, to the effect "that, after a survey assessment has been completed with as much care as possible, a trial should be always made of it for six or seven years, in order that all defects in the assessment be discovered." It may, however, be presumed that this advocacy of six or seven years' delay has reference chiefly to tracts of country in which, previous to the survey assessment, there may have been assessments only of a very summary character. The essence of Sir Thomas Munro's opinion lies in the "discovery of defects." The question, therefore, in regard to these five districts would appear to be, whether, when the present revision of assessment upon the basis of a professional survey shall have been completed, there will be grounds for assuming that all essential defects have been discovered and removed. It appears to Mr. Temple that this question may be answered in the affirmative, for, first in regard to the defect of "over-assessment," proceeding on the experience of a 20 years' settlement, and, with the aid of a professional survey, there will be few estates of which it may not be safely affirmed, without further trial, that their assessment is as good as that of the estates of any Province in India; secondly, as regards the defect of "inadequate assessment," the same means which will enable the Settlement Officers to avoid over-assessment will also enable them to avoid positive inadequacy of rates on the cultivated area. And relative inadequacy of assessment in view of the possible inclusion of an excessive amount of uncultivated land within the whole area of an estate will be prevented, *firstly*, by the measures which Mr. Temple discussed in the 189th paragraph of his Administration Report, *viz.*, the separation from the nominal limits of estates of tracts of excessive waste, and the consequent circumscription of private property in land to actual occupancies, whether cultivated or otherwise; and *secondly*, by the rule which was proposed in the 10th paragraph of this office letter, No. 532 of 22nd July that permanent settlement should only be conceded when the cultivation should equal $\frac{3}{4}$ ths of the whole assessed area. Again, in respect to the 3rd cardinal defect, *viz.*, "unequal distribution of the assessment," presuming that by this is meant unequal *pressure* of assessment on estates, and not the distribution of the assessment upon each estate among the holdings of the several co-parceners, Mr. Temple would here again observe that there are all the data for the avoidance of this defect, *viz.*, the experience of more than quarter of a century, upon which and the new survey the coming assessments will be formed, so that, should His Excellency the Viceroy in Council consider that the circumstances under which a revision of the land assessments is now being made in the 5 above-mentioned districts are such as will admit of the removal of all defects which should bar a permanent settlement, and that, under those circumstances, further trial may be dispensed with as much in these districts as in any other, then it would only require that the defect of relative inadequacy of assessment be guarded against by the adoption of the rule which should limit the concession of a permanent settlement to those estates of which at least $\frac{3}{4}$ ths of the whole area shall be under cultivation. The conditions would then seem to be fulfilled, for the introduction of a permanent settlement proper, in conformity to the instructions of Her Majesty's Government.

7. It may be here added, that, in the event of His Excellency the Viceroy in Council now expressing his general concurrence in the views held, as above indicated, there would be ample opportunity for the exercise of due caution in carrying the measure into effect. Until each district or division of country came under assessment, and were reported upon in detail by the Settlement Officer, no steps could be taken which should in any way compromise the Government. It would then be the duty of the Chief Commissioner to make a special

report to the Supreme Government for each estate *seriatim*, from which a full and final judgment might be formed of the propriety or otherwise of confirming the assessment in perpetuity. Such a report would not be for any tract or district generally, but village by village. The Officiating Chief Commissioner is not prepared to say that any district is entirely suited for a permanent settlement. In every one of these above mentioned districts there will be estates not fitted; on the other hand, many individual estates will be found to be fitted, and to be fulfilling the conditions prescribed by the Secretary of State. If a permanent settlement were declared in a whole district at once, there might be a chance of error. But if it be conceded to one estate after another, according as good and sufficient cause might arise and be shown (of which the Supreme Government alone would be the final judge after considering the representations of the Chief Commissioner), then the Officiating Chief Commissioner supposes that all reasonable precaution against error would have been adopted.

8. Further, on this point, I am to observe that the fact of a permanent settlement being conceded to one and not to another would generally act as a stimulus to agricultural improvement. The concession would be made partly on the ground of the estate having attained a high degree of prosperity. Such concession, therefore, if really valued, must incite people to attain the fulfilment of the conditions required.

9. It is not, therefore, at the present moment solicited that His Excellency the Viceroy in Council should grant any such authority as might have an immediate effect. But should His Excellency consider that Government is prepared to concede a Permanent Settlement in those districts where cause might be shown, the holding out of such a hope would have a beneficial effect at once in encouraging the agricultural population to deal fairly with the Settlement Officers, and to expend capital in view of prospective returns.

10. It remains to notice the three districts of "Nagpore," "Chanda," and "Wurda." In regard to these it is observed, in paragraph 5 of the Secretary of State's Despatch, that, in recently acquired territories, such as Nagpore, which are still unsurveyed, no means exist for determining the adequacy of the amount or the equality of the pressure of the present demand. But I am to submit, in explanation, that the Nagpore and Wurda Districts have now been professionally surveyed, and are being subjected to a settlement in every way as elaborate as those made in any Province. It may certainly be anticipated that all the highly cultivated and valuable portions of the Nagpore Province (but not the wild and scantly cultivated parts) will have been professionally surveyed in two more years.

11. But the circumstances of the three last-named districts, so far as concerns the present question, differ somewhat from those of the 5 districts previously noticed, in this particular, that, instead of our having the data of a previous 20 years' settlement administered by British Officers, as in the Saugor and Nerbudda Territories, we have the revenue experience of only a Native Government prior to 1854. But it will be found that, in some estates, the data are not less sound, for all practical purposes, than those available in the Saugor and Nerbudda Districts. For, although it is true that the Government was administered direct by the Rajah of Nagpore subsequent to 1829, yet, before that period, the administration was in the hands of British Officers under the wise control of the Resident, Sir R. Jenkins, for years, during which the land revenue was, in many cases, placed on a sound and moderate basis, from which their successors did not deviate. And Sir R. Jenkins' settlements, if not based on professional survey, were yet generally based on careful field measurements. There will be estates, then, in which the demand was fixed nearly 40 years ago; and has since held good, with slight fluctuations, and with slight variation on account of extra cesses, under British rule. If such an estate has been now professionally surveyed, and a new measurement has been made, and still the assessment remains much the same; and if the estate itself have its culturable area almost entirely under cultivation; what change is to be anticipated, except such general change as might affect the whole country? And has not such an estate attained the condition required for a permanent settlement?

12. As to the degree of cultivation in Nagpore Province, it is necessary to explain a peculiarity, which is this: While much, indeed, of the area consists of forests and jungle; and while, in many parts, cultivation is sadly behind the natural capabilities; and the culturable, but as yet uncultivated, area is great, yet in other parts the cultivation is very fine, and has reached almost to its utmost possible limits; for instance, in the valley of the Wurda river it is notorious that all the culturable area is cultivated. In very many estates Mr. Temple can himself attest this fact. It would be in such places, if anywhere, that a Permanent Settlement would be possible.

13. In these three districts, however, the Officiating Chief Commissioner admits that the case is not so strong as in the Saugor and Nerbudda Territories; the Officiating Chief Commissioner only submits that some estates will be found that fulfil the required condition.

14. Such are the Officiating Chief Commissioner's views on a re-consideration of this important question. They have been recorded after an attentive consideration of the Secretary of State's Despatch; and Mr. Temple trusts that they may meet with the approval of His Excellency the Viceroy in Council.

No. 79.]

No. 11, dated Fort William, the 13th January 1863.

From—C. U. AITCHISON, Esq., Under-Secretary to the Government of India,
To—The Secretary to the Government of North-Western Provinces.

Vide paper No. 78. I am directed to forward to you the accompanying copy of a letter from the Secretary to the Chief Commissioner, Central Provinces, under date the 8th October last, No. 38,

recommending the introduction of a permanent settlement in some of the districts under his administration, and stating that five districts in the Saugor division have already passed through a 20 years' settlement which expired in 1855-56.

2. Before arriving at any conclusion, favourable or the reverse, to Mr. Temple's proposal, the Governor-General in Council wishes to know in what light the 20 years' assessment above referred to was regarded by the Government of the North-Western Provinces, which for a long time administered the Saugor and Nerbudda Territories, and which introduced the Revenue Survey now being pushed forward in those districts to which Mr. Temple advertises. His Excellency in Council observes that much of the force of Mr. Temple's arguments depends on the real character of the 20 years' assessment, which that officer proposes to make the basis, corrected by the revenue survey, on which to found the permanent settlement. But as the records of this office do not show the stages of experience and opinion which led to the revenue survey, His Excellency in Council thinks it desirable that the Lieutenant-Governor should report upon Mr. Temple's proposal.

No. 80.]

No. 305-A., dated the 4th March 1863.,

From—The Secretary to the Government of the North-Western Provinces and Oudh,

To—The Secretary to the Government of India, Foreign Department.

* Vide paper
No. 79.

In reply to Mr. C. U. Aitchison's letter* No. 11, dated 13th January last, relative to the proposed introduction of a permanent settlement in some of the districts under the administration of the Chief Commissioner of the Central Provinces, I am directed to forward, for submission to His Excellency the Governor General, the accompanying copy of a letter No. 102-A., dated 23rd ultimo, to the address of the Secretary to the Sudder Board of Revenue, North-Western Provinces, together with copies of the Minutes recorded by the Members of the Board on the subject.

† Not printed.

2. I am also desired to forward a printed copy of Mr. R. M. Bird's† Note on the Saugor and Nerbudda Territories, dated 31st October 1834, referred to in the third paragraph of Mr. Muir's Minute.

Annexure I to No. 80.

No. 102-A., dated the 23rd January 1863.

From—The Under-Secretary to the Government of the North-Western Provinces and Oudh,

To—The Secretary to the Sudder Board of Revenue, North-Western Provinces and Oudh.

I AM directed by the Honorable the Lieutenant-Governor to forward for report the No. 11, dated 13th January, and enclosures. accompanying copy of a letter from the Under-Secretary to the Government of India in the Foreign Department (Revenue), relative to the proposed introduction of a permanent settlement in some of the districts under the administration of the Chief Commissioner of the Central Provinces.

2. His Honour believes that the 20 years' settlement of the five districts of the Saugor division was of quite a summary character, such as could ill be made the foundation of a permanent settlement, but this is a mere impression which the Lieutenant-Governor has received from matters which have been brought under his notice from time to time, and specially from the fact that in some districts, Saugor notably the revenue was found to press so heavily as to demand summary reduction.

3. The Lieutenant-Governor believes that the records of your office, and the personal knowledge of the Senior Member will enable the Board to give a more full and desultory reply to the enquiries of the Government of India.

Annexure II to No. 80.

Note on the orders of Government No. 102-A., dated 23rd January 1863, and of the Supreme Government, dated 13th January 1863, on the question of a permanent settlement of the Land Revenue in the Jubbulpore Division, by W. Muir, Esq., the Senior Member of the Sudder Board of Revenue, North-Western Provinces and Oudh.

Mr. TEMPLE is of opinion that a permanent settlement of the land revenue may be introduced partially into the five districts of the Jubbulpore, Saugor, Damoh, Nursingore, Hoshangabad. Jubbulpore Division noted in the margin on the ground that sufficient experience has been gained by the 20 years' settlement which expired seven or eight years ago; and that, with the aid of a professional survey, there will be five estates of which it may not be safely affirmed that their assessment is as good as that of the estates of any province in India.

2. The question has been referred to this Board for report generally, and especially in reference to the nature of the 20 years' settlement above referred to.

3. The 20 years' settlement was based upon the proposals made by Mr. Robert Marttins Bird, in his note, dated 21st October 1834, see Reprinted by Mr. E. A. Read in 1869. paragraphs 2, 3, 8 and 9. Mr. Bird found the effects of a heavy assessment with the demoralizing result of continual application for the remission of balances; and he advocated a light assessment, such as could be realized uniformly and without difficulty for a period of 20 years.

4. The main object was thus from the rough materials at command, to assess a moderate demand. In referring to the settlement reports, it will be found that the basis of the settlement was for the most part of a very rudimentary character. Sometimes there was no measurement at all, sometimes the measurements of one of the preceding quinquennial settlements were adopted. In Nursiagpore, Hoshangabad, and Damoh the measurement Ameens are described as so inefficient "that their ende calculations rather confound than assist."

5. Had these settlements been founded even upon superior materials their subsequent history shows that they were ill fitted to be a standard for future assessment. In Seonee it became necessary to arrest the advance of the progressive assessments. Notwithstanding the moderation urgently demanded the settlements were found to press so heavily that a general reduction of 10 per cent. was allowed by Major Sleeman. This revision being a rateable and indiscriminate remission left inequalities of pressure unaffected.

6. In spite of this measure it was found a few years since, that the Government demand pressed so heavily in Juhulpore and Damoh and Saugor that extensive relief was required. The need was so immediate that the regular settlement then close at hand could not be awaited. The district officers were accordingly authorized, on a rough survey of the assets and condition of all the oppressed estates, to make heavy summary reductions, which received the sanction of Government. These embraced a large proportion of the villages in the districts named.

7. Thus, neither as regards their original mode of formation, nor as tested by their actual working, can the 20 years' settlement pretend to hold out any sure light to guide towards a permanent settlement.

8. It is true that in Hoshangabad, Nursingpore and Baftool the settlement was found to be more moderate, and the juniaas has been realized without difficulty. But while the assessment may thus be held to be moderate in these districts there is no proof that it is either sufficient in amount or equally distributed.

9. It is less, however, in reference to the past settlement than to the existing state of I am doubtful likewise whether the Juhulpore Division and Chandegree and perhaps parts of Jhaosi may not also fall under the same category, (i.e. of not being sufficiently advanced for a permanent settlement). In the first named division, the proprietary title has hitherto been declared vested exclusively in Government, and the occupants have been held to be only farmers. The proprietary right is now about to be recognized. Moreover the revenue arrangements there, have never been in a satisfactory state; there are large tracts of land lying waste; and the region is emphatically in a transition state. The opening of the Bombay railway will at once raise prices to an enormous extent—and altogether it may be prudent to see the effect of the new settlement for some years before finally fixing it for ever. The point is one in which further discussion may throw new light, and I am not willing at present to express a decided opinion upon it.

There was no demand. On any failure of a corresponding degree; for the communications were so imperfect and distant, that the importation of grain was tedious and expensive. The population lived from hand to mouth. Now that a double outlet, towards Allahabad and towards Bombay will soon be provided, this evil will disappear. Demand will be created and sustained uniformly, rents will rise, capital will accumulate; and a marvellous improvement may be shortly expected in this fertile province.

12. So in respect of proprietary rights, it was formerly held to vest exclusively in the Government; the occupants were treated simply as farmers. They could not alienate their rights without the consent of the district officer: their title to possession was altogether insecure. The new settlement will remedy this also. For it is to be concluded with the occupants on the footing of a full proprietary title. The proprietors will henceforth have a

See Appendix to Directions to Settlement Officers.

new and powerful incentive to exertion and to the expenditure of skill, labour and capital in the improvement of their estates.

13. I believe that Mr. Bird's impression, as expressed in paragraph 7 of his note, would be still the impression of any traveller from the North-West. "In passing through the country" he writes, "it was impossible not to be struck by the remarks, how little the hand of man had done for its improvement. The natural fertility and high capabilities of that tract exhibited in yet more prominent contrast, the negligence, improvidence and indifference of the rural population. I would not but feel what a contrast the face of a country possessing so many natural advantages would present if tilled even by the cultivators of Upper India."

14. In short, it appears to me that this part of India is hardly prepared yet for a permanent settlement.

15. But the next ten years will probably produce a vast development, both in its resources and in the character of the people; and it might possibly be then ripe for the measure.

16. I am inclined to think that the settlements now under preparation might consequently be sanctioned in the first instance, for ten years only, leaving the Government then free to deal with the questions according to the circumstances of the day. Or preferably, the settlement might be made according to the existing instructions for 30 years, with the condition

that at any period after the first ten years, the Government should be at liberty to revise it, with the view of effecting a permanent settlement. This latter plan would probably make the inducements to improvement stronger than a settlement limited to ten years.

17. I would not advocate under any circumstances the permanent settlement of occasional villages here and there in a district. The measures when resolved on should extend to all the estates comprised within some considerable limits.

Annexure III to No. 80.

Note by R. MONEY, Esq., Junior Member of the Sudder Board of Revenue, North-Western Provinces, on Permanent Settlement of the Land Revenue in the Jubbulpore Division.

I ENTIRELY concur in the remarks recorded by Mr. Muir.

I have no doubt it will be found that the average rate of assessment on each acre of culturable land, under the settlement now in progress is considerably below the existing average of the North-Western Provinces, notwithstanding the soil in the Central Provinces is certainly not less productive. The lowness of the rents in which the assessment is made is a necessary consequence of the lowness of prices caused by the non-existence of any outlet for surplus produce. The value of land will be so greatly increased by the opening of the railway through the heart of the provinces, that the present state of the country can only be regarded as one of transition, and the amount of culturable but uncultivated land is so large that any permanent settlement which could be immediately effected must either be beyond measure inadequate with reference to the prospective resources of the country, or too partial and limited in its operation to be productive of general benefit.

No. 81.]

No. 60, dated the 21st March 1863.

From—The Under-Secretary to the Government of India, Foreign Department,
To—The Officiating Chief Commissioner, Central Provinces.

* Vide paper
No. 78. WITH reference to your Secretary's letter* No. 38, dated 8th October last, recommending the introduction of a permanent settlement in some of the districts under your administration, I am directed by His Excellency the Viceroy and Governor General to forward for your information the accompanying copy of a letter and of its enclosures from the Officiating Secre-

† Vide paper
No. 80. No. 305 A., dated 4th March 1863.† tary to Government, North-Western Provinces, and to state that, as at present advised, the Viceroy and Governor General prefers that the settlement in the Central Provinces be made for 30 years with the condition that at any period after ten years from the commencement of the settlement, Government shall be at liberty to revise it with the view of effecting a permanent settlement.

No. 82.]

No. 3, dated Simla, the 18th April 1863.

From—The Government of India,
To—The Right Hon'ble Sir Charles Wood, Bart., Her Majesty's Secretary of State for India.

I HAVE the honour to transmit herewith for the information of Her Majesty's Government copy of a correspondence as per accompanying Abstract of Contents, regarding a proposal by the Officiating Chief Commissioner, Central Provinces, for the introduction of a permanent settlement in five of the districts under his administration.

2. Before finally deciding on the proposal of Mr. Temple, I deemed it advisable to consult the Lieutenant-Governor of the North-Western Provinces.

* Vide paper
No. 80. 3. The Lieutenant-Governor in his report,‡ dated 4th March, to which I beg to refer you, enclosed the opinion of the Sudder Board of Revenue, that the districts in question were not ripe for a permanent settlement. The 20 years' assessment which expired some seven or eight years ago was reported to have been of the most unsatisfactory kind, and to be wholly unfit to be made the basis of a permanent settlement even if qualified by the revenue survey and settlement now in progress.

4. In forwarding to Mr. Temple a copy of these papers from the Government of the North-Western Provinces, I have informed him that as at present advised I prefer that the settlement in the Central Provinces should be made for 30 years with the condition that at any period after ten years from the commencement of the settlement, Government should be at liberty to revise it with the view of effecting a permanent settlement.

Annexure to No. 82.

Abstract of the Contents of a Despatch to Her Majesty's Secretary of State for India, No. 3, dated 18th April 1863.

- | | |
|--|---|
| No. 1. From Her Majesty's Secretary of State for India, No. 3 of 18th April 1863. | Forwards copies of the following papers. |
| No. 2. | Abstract of Contents. |
| No. 3. From Secretary to Chief Commissioner, Central Provinces, dated 22nd July 1862, No. 532.
(Transferred from Home Department). | Submitting the views of the Officiating Chief Commissioner on the question of a permanent settlement of the land revenue. |
| No. 4. To Officiating Chief Commissioner, Central Provinces, dated 3rd September 1862, No. 490. | In reply awaits any further communication that he may have to make on the subject after attentive consideration of the recent despatch from Secretary of State. |
| No. 5. From Secretary to Officiating Chief Commissioner, Central Provinces, dated 8th October 1862, No. 38.
Proceedings, January 1863, A. (Revenue), No. 6. | Submits a further statement of the views of the Officiating Chief Commissioner on the subject of the introduction of a permanent settlement in the Central Provinces. |
| No. 6. To Secretary to Government, North-Western Provinces, dated 13th January 1863, No. 11.
Proceedings, January 1863, A (Revenue), No. 7. | Forwarding to him copy of the above letter, and requesting a report from the Lieutenant-Governor on Mr. Temple's proposal. |
| No. 7. From Officiating Secretary to Government, North-Western Provinces, dated 4th March 1863, No. 305 A. | Submits the report called for in the above together with copies of minutes recorded by the members of the Sudder Board of Revenue on the subject. |
| No. 8. To Officiating Chief Commissioner, Central Provinces, dated 21st March 1863, No. 60. | Communicating orders of the Governor General on his letter No. 38, dated 8th October last. |

No. 83.]

No. 1624-A., dated Nagpore, the 28th April 1863.

From—Captain H. MACKENZIE, Secretary to Chief Commissioner, Central Provinces,

To—Colonel H. M. DURAND, C.B., Secretary to the Government of India, FOZIERI DEPARTMENT.

* Vide paper
No. 81.

I AM desired by the Officiating Chief Commissioner to acknowledge the receipt of your No. 60* of 21st March last, with its enclosures, on the subject of conceding a permanent settlement to the landholders of the Central Provinces, and directing that the regular settlements now in progress be made for 30 years, with the condition that, at any period after ten years from the commencement of the settlement, Government shall be at liberty to revise it with the view of effecting a permanent settlement.

2. In reference to the above, I am to observe that, although the immediate concession of the boon is not yet promised, yet the ultimate prospect of a permanent settlement for those who may prove themselves worthy of it will so far be accepted as satisfactory to the agricultural classes, and will act as a stimulus to the outlay of Capital and to improvement generally.

3. The Officiating Chief Commissioner believes that it will not be requisite to do more than notify the present orders of Government to the people in a public manner: this will certainly have a beneficial effect. Efforts will doubtless then be made to secure a title to the concession when the proper time shall arrive. It will not, Mr. Temple presumes, be necessary to insert a clause embodying such condition in the 30 years' settlement engagement, which will be drawn up between the Government and the proprietor of each separate estate; nor could he recommend that course, for the intention of Government to conclude settlements for 20 years in the Saugor and Nerbudda territories and for 30 years in the Nagpore Province has been for some years publicly proclaimed, and any such reservation would, if entered in the engagements, be certainly misunderstood by the people, and without doing any good; for it is supposed that a permanent settlement would not be ordered to the landholders without their full consent to, and desire for, the same. Treated in the light of a boon, its concession, indeed,

may he said to pre-suppose a willingness to receive it; therefore, if Government should at any time think these provinces, or any part of them, ready to receive a permanent settlement, the readiness of the landholders to break the current settlement for the purpose of concluding another on a permanent basis may be presumed. No object would, therefore, be gained by entering a condition in the engagements which would, on the other hand, seem to imply the reservation of a power to one of the parties to it which would not otherwise be willingly granted by the other; and while no object would thus result from the insertion of such a clause in each separate engagement, the Officiating Chief Commissioner apprehends that it might do harm as being liable to be misunderstood by a land-holding community as yet suspicious and unversed in revenue practice. It might be regarded by the people as a sort of modification of the repeatedly-proclaimed intentions of Government; and they might imagine, however erroneously, that it would practically reduce the settlement to a term of 10 years. All after that would appear uncertain in their eyes, and whatever greater advantage there is in a 20 or 30 years' settlement as compared with a settlement for 10 years, would be in effect lost to both parties; and this result appears to be clearly opposed to the intentions of Government.

4. While, therefore, the Officiating Chief Commissioner is sure that the establishment of an uniform term of 30 years for the settlements throughout the Central Provinces will be received with satisfaction by the agricultural classes, he would propose to give effect to that part of the present orders of Government by means of a public notification, of which a draft is enclosed for the approval of His Excellency the Governor General. After the words "expiration of the first 10 years of the above mentioned term of 30 years," it is proposed to add "or at any other time which may be specially fixed" in case there should in any district appear reason for granting the concession at an earlier date.

5. The Officiating Chief Commissioner begs to retain for the present the printed enclosure of your letter (copy of Mr. Bird's Note on the Saugor and Nerbudda territories); it shall be returned hereafter.

Annexure to No. 83.

Draft of proposed Notification.

WHEREAS, by Government Proclamation, dated 26th June 1854, the Government intention to revise the assessments of the land revenue, and, on the expiry of the 20 years' settlements of 1836, to fix revised assessments for a new period of 20 years in the Districts of the Saugor and Nerbudda Territories, was proclaimed; and whereas the order of the Government, dated 21st March 1863, No. 60, fixing a term of 30 years for the settlement of the land revenue, about to be concluded in the Nagpur Province, was duly communicated to the landholders by public Notification—

It is now hereby notified that the Government of India has been pleased to concede an extension of the term formerly prescribed for the Saugor and Nerbudda Territories to 30 years, and to order that settlements for such terms of 30 years shall be concluded throughout the districts composing the Central Provinces.

It is further notified that, after the expiration of the first 10 years of the above mentioned term of 30 years, or at any other time which may be specially fixed, the Government will be prepared to grant a perpetual term of settlement to such of the landholders of the Central Provinces who may desire the same, provided that the said landholders shall have brought their estates into such a high condition of prosperity and cultivation as shall entitle them thereto under the Government Rules on the subject, and provided that such landholders shall consent to have their assessments revised before the engagements of perpetual settlement be concluded. It will hence be manifest that all landholders should exert themselves to cultivate and improve their property, so that they may be deemed worthy of having their term of settlement declared perpetual.

No. 84.]

No. 1636, dated Nagpur, the 29th April 1863.

From—CAPTAIN HECTOR MACKENZIE, Secretary to the Chief Commissioner, Central Provinces,
To—The Secretary to the Government of India, Foreign Department.

THE regular settlement of the land revenue being now in progress in 16 out of the 17 districts which compose the Central Provinces, I am directed by the Officiating Chief Commissioner to address you on the subject of the rules and principles on which the settlements should be concluded.

* * * * *

17. DATE OF COMMENCEMENT AND PERIOD OF CONTINUANCE OF THE SETTLEMENT.

58. The following additional instructions are proposed:—

"The Government of India has, in letter from Secretary to Government of India, No. 60 of 21st March 1863, sanctioned the term of thirty (30) years for the settlements now in progress throughout these provinces; therefore, if the landholders assent, the engagements in the Districts of Saugor and Nerbudda Territories may be given for 30 years, instead of 20 years, as previously promised.

Jubbulpore.
Nursingpore.
Seonee.
Mundiah.
Saugor.
Damoh.
Hoshangabad.
Baitool.

59. In the Districts of the Nagpore Province 30 years have already been proclaimed as
 Nagpore.
 Bbundāra.
 Chanda.
 Wurda.
 Chindwara.
 Raopore.
 Belaspore.

the promised term of settlement, under the authority of letter No. 2279, dated 27th June 1860, from Secretary to Government of India, to Commissioner of Nagpore.

60. The same term will apply to Sumbulpore under the sanction of Government above quoted.

61. The 1st July would be an appropriate date for the commencement of the settlement everywhere.

62. I am here to allude to the instructions of the Viceroy conveyed in your No. 60 of 21st March last, to the effect that the settlements should be concluded for a period of thirty (30) years, with the condition that, at any period after ten (10) years from the commencement of the settlement, Government shall be at liberty to revise it with the view of effecting a permanent settlement.

63. It has already (paragraph 21) been noticed that it is not proposed that the puttah or engagements with the landholders should contain a particular clause to that effect. The reason is that it appears to Mr. Temple this condition will be held to be dependent on the wish or application of the landholder for a permanent or perpetual settlement. In the Saugor and Nerbudda Territories the Government is pledged, under the terms of the proclamation of 24th June 1854 (Selection IV), to conclude settlements for a period of 20 years; and similarly settlements for 30 years have been promised to the landholders of the Nagpore province by proclamation. In both cases the proclamations were made at the time on the authority of Government orders, and have since been repeatedly explained to the people. Mr. Temple therefore supposes that, if engagements were offered to the landholders for shorter periods, this would be only with their consent. If a longer period were offered, then there would be no difficulty, inasmuch as that would be regarded as an additional concession. But any mention of a shorter period in the engagement might be regarded by the people (however erroneously) to be a limitation of the promises of Government; the objection then would be evident; and if this view be correct, it would neither be necessary nor advisable toumber the engagements with any new clause of a prospective character. It would not be necessary, because, if its operation is to depend upon the consent of the landholders, its omission will be no bar to action whenever it may seem proper to the Government to invite such consent to, or application for, a permanent settlement; and it would not be advisable because it might be misunderstood. On these grounds, therefore, Mr. Temple would submit that, as the Government do not propose to offer a permanent settlement at present, the only alternative is to make settlements on the terms of the proclamations, or for longer but *definite* periods, with the consent of the landholders. The revenue authorities would then understand (and the people might be informed to the same effect) that, after the expiry of ten years from the commencement of the settlement, the Government would take into consideration the concession of a permanent settlement in any case that might be deserving, provided always that the party desired such permanent settlement, and provided that preparatory to such settlement there should be a revision of assessment. The people would then know that there would be no alteration of the present assessment within the period of this settlement without their wish or consent. After the expiry of this settlement, of course, it would be open to Government to make a permanent settlement or otherwise.

64. It is not necessary, in order to support the above view, that the Officiating Chief Commissioner should discuss the effects which might be produced by concluding settlements for 30 years, but with power reserved to the Government to break the engagements even for the purpose of conceding what might ordinarily be considered a boon at any time after the expiry of ten years. But it seems, nevertheless, proper in this place that Mr. Temple should remark that he would not expect those effects to be under the circumstances of these Provinces, such as are usually looked for and generally attained from what is termed "regular settlements." It is unnecessary to recapitulate what has on more than one recent occasion been brought before the notice of His Excellency the Viceroy in reference to the past unsatisfactory administration of the land revenue in the Saugor and Nerbudda Territories; the short leases accompanied by a bad system of interference described by Mr. Bird in his Memorandum of 1834; the summary nature of the last 20 years' settlement alluded to by Mr. Muir in the memorandum which accompanied your letter now under notice; the breaking down of that settlement in the three important districts of Saugor, Damoh, and Jubhulpore; and lastly, the prolonged delay in revising the last settlement. But the Officiating Chief Commissioner himself has, during the tour which he has just brought to a close, seen clear evidence in the manner of speech used by the agricultural population in reference to the settlement; in their apparent doubts of its ever coming to a conclusion; in their suspicions that the long delay has some secret cause boding them no good; in their readiness to see, in any new measures of the Executive, some intention to break faith as regards the settlement's promised terms; and in the openly expressed disinclination to adopt any suggestions for agricultural improvement until the written engagements be actually in their hands;—in all this, as well as in other less prominent indications there has seemed clear evidence of the necessity, above all things, of the provisions of the approaching settlements (the most important of which is embodied in the engagements) being framed in terms free from everything which should savour of uncertainty.

65. For these reasons the Officiating Chief Commissioner does not propose to insert any express clause of the nature alluded to above; and he would omit such a clause, with the less hesitation, because one of the main arguments in favour of a permanent settlement being that it would be considered in the light of a great boon by the landholders, the position can hardly be contemplated of the Government breaking the settlement under such a clause without their consent. In other words, for an intermediate revision, in order to concede the boon of a permanent settlement, consent is pre-supposed. The express stipulation of power for such an end by insertion of clause in the engagement would not be essential, inasmuch as its exercise without the consent of the landholders does not appear to be supposed.

66. This subject has been adverted to further in my No. 1624-A., of the 28th April 1863, acknowledging the Government orders above alluded to; and in that letter it has been proposed that the orders of the Government shall simply be communicated to the people by means of a public Notification to the following effect:

(PROPOSED) NOTIFICATION.

"Whereas by Government proclamation, dated 26th June 1854, the Government intention to revise the assessments of the land revenue, and, on the expiry of the 20 years' settlement of 1836, to fix revised assessments for a new period of 20 years in the Districts of the Saugor and Nerbudda Territories, was proclaimed; and whereas the order of the Government, dated 21st March 1863, No. 80, fixing a term of 30 years for the settlements of the land revenue about to be concluded in the Nagpore Province was duly communicated to the landholders by Notification—

It is now hereby notified that the Government of India has been pleased to concede an extension of the term formerly prescribed for the Saugor and Nerbudda Territories to 30 years, and to order that settlements for such terms of 30 years shall be concluded throughout the districts composing the Central Provinces.

It is further notified that, after the expiration of the first 10 years of the above-mentioned term of 30 years, or at any other time which may be specially fixed, the Government will be prepared to grant a perpetual term of settlement to such of the landholders of the Central Provinces who may desire the same; provided that the said landholders shall have brought their estates into such a high condition of prosperity and cultivation as shall entitle them thereto under the Government rules on the subject; and provided that such landholders shall consent to have their assessments revised before the engagements of perpetual settlement be concluded. It will hence be manifest that all landholders should exert themselves to cultivate and improve their property, so that they may be deemed worthy of having their term of settlement declared perpetual."

* * * * *

No. 85.]

No. 267, dated Simla, the 10th October 1863.

From—The Secretary to the Government of India, Foreign Department,
To—The Offg. Chief Commissioner, Central Provinces.

* Vids paper No. 83. With reference to your letter No. 1624-A.,* dated 28th April, and to paragraphs 21 and 22 and 62 to 66 of your letter No. 1636†, dated 29th April, I am directed to request that you will * Vids paper No. 84. reconsider the proposals you have made for the issue of a general proclamation on the subject of a perpetual settlement and will submit your opinion after full consideration of the views of His Excellency the Viceroy and Governor General which I am now to communicate to you.

His Excellency as at present advised does not concur in the reasoning by which you endeavour to show that the insertion in the leases of a clause reserving to Government the right to revise the settlement at any time after ten years with the view of effecting a permanent settlement, would be any breach of faith. Unless you have further reasons for your proposal than those you have stated, His Excellency would prefer the insertion of such a clause in the leases to the issue of a general proclamation, as Government would thereby secure the right to introduce the permanent settlement in districts ripe for it even if one or two individuals should object.

His Excellency, however, will await a fuller exposition of your views before coming to a decision on this point. But I am to observe with reference to the form of your proposed Notification that the draft you have submitted is not so much a reservation of the right of Government to introduce a permanent settlement if it should find it expedient, as a promise to do so under certain conditions the fulfilment of which single proprietors might claim without reference to the general state of the district. The publicity given to the Despatch of the Secretary of State regarding the circumstances under which a permanent settlement may be extended at the discretion of Government to districts ripe for the same may, perhaps, render unnecessary any allusion to a permanent settlement in any proclamation that may be issued. But should His Excellency eventually decide on issuing a proclamation and on referring in it to a permanent settlement, he would do so in terms much less absolute than those you have proposed.

No. 86.]

Extract paragraph 1, 17 and 27 of letter No. 265, dated Simla, the 10th October 1863, from the Secretary to the Government of India, Foreign Department, to the Offg. Chief Commissioner of the Central Provinces.

* Vide paper
No. 83.

1. I AM now directed to reply to your letter* No. 1636, dated 29th April, and to convey the orders of His Excellency the Viceroy and Governor General on such paragraphs thereof as call for notice, with reservation on two points which will appear in the course of this letter.

* * * * *

17. Date of commencement and period of continuance of the Settlement. } These proposals are approved.

Section 17, paragraphs 58 to 61.

* * * * *

27. You will observe that His Excellency has passed no orders on paragraphs 21, 22, and 62 to 66 of your letter, which refer to, the question raised in your separate letter, No. 1624-A., dated 28th April, nor on paragraphs 76, 77, and 88, which relate to the term of occupancy which is to give a right to hold at a fixed rent: on these points I am to refer you to my separate letter of this date.

No. 87.]

Dated Allahabad, the 3rd November 1863.

From—W. MUIR, Esq., Senior Member, Board of Revenue, North-Western Provinces,

To—Colonel H. M. DUBAND, C.B., Secretary to the Government of India, Foreign Department.

In obedience to the commands of His Excellency the Viceroy and Governor General, conveyed in your letter† No. 265, dated the 10th ultimo, I have the honour to submit my views upon the points indicated in the correspondence therewith received regarding the settlement of the land revenue in the Central Provinces.

No. 86. 2. Two subjects have been reserved in His Excellency's orders for further discussion: first, the period for which the settlement is to be concluded and the terms of engagement with the proprietors; and, second, the conditions on which a hereditary title of occupancy is to be recognized in the non-proprietary cultivators.

3. On the first of these topics it appears to me that the instructions already issued by the Foreign Department are, with reference to the peculiar circumstances of the Central Provinces, suitable and judicious. The country is held to be in too backward a state for a permanent settlement, and therefore the previously-declared intention of concluding the settlement for a period of 30 years is adhered to. But, in view of the anticipated rapid advance in internal improvement, and in the means of communication both with the sea-coast and the Gange valley, and the outlets for produce thus afforded, it is believed that, long before the expiration of the above period, the conditions which would warrant a settlement in perpetuity may probably have been attained. It would then evidently be impolitic to conclude the present settlement in a manner that might hamper the Government at any future period, and hinder it from introducing a measure of such undoubted advantage to the country at large, and especially to the landholders themselves, as a permanent settlement; and accordingly this objection is obviated by reserving to the Government the right, after a given period, of introducing that measure and of effecting the revision of existing engagements, which would be an indispensable preliminary to it.

4. Seeing that the *only condition* upon which the Government could interfere with the coming settlement would be to make a perpetual assessment to be maintained unchanged in all future time, the speciality of the case will be understood by those concerned; and the prescribing of such a condition ought not, therefore, to have the unsettling effect anticipated by Mr. Temple. I do not perceive what middle course can be taken between the measures proposed by the Government of India and a simple settlement for 30 years without any conditions; and this latter plan would tie up the hands of Government for that time, and might either render it necessary to put off altogether the permanent settlement for so long a period, or to conclude it under terms and conditions which might be regarded by the Government of the day as highly inexpedient and injurious.

5. I do not allude simply to the amount of land revenue, although even in this respect great development may be expected in the course of ten or fifteen years; and the Central Provinces should, in justice to the rest of India, contribute a fair proportion of land revenue; but there are other considerations. Unless there be some reservation of the kind indicated, the whole of the stipulation of the settlement must be scrupulously maintained. Now many of these are avowedly adjusted to suit the present rudimentary condition of the people and their institutions. As an illustration of what I mean, I may take the arrangements for the Kotwars, or Rural Police; these are left and apparently for very sufficient reasons, pretty much as they are found now to exist; but in the progress of civilization new phases of society arise which tend to break into the village institutions and render them inadequate to the purposes for which they once sufficed; and it may, perhaps, be found, as it has been found in the North-Western Provinces, that in the course of years a regular municipal police is a *desideratum* necessary to the well-being of the people. With the contemplated reservation, a measure to that end such as has been lately proposed for these provinces (I enclose the papers for reference*) could be introduced with the permanent settlement, otherwise it might not be possible.

6. What is applicable to the police might be said of a dozen other important measures. In the progress of the administration views are liable to alteration, and new schemes for ameliorating the state of the people may be set on foot; but their adoption may essentially depend upon the minor details of the land revenue settlement; and it seems to me that, if a permanent settlement is at all to be contemplated at any intermediate period, the Government of that time ought not to be embarrassed by stipulations and conditions, but should have its action in every respect free and unfettered.

7. It would not suffice to leave the option with the proprietors severally, because, as justly observed in your letter, a few proprietors scattered about a district might choose to object, and thus throw impediments in the way of what would otherwise prove a measure of great advantage to the country.

8. For the same general reasons I should be opposed to a proclamation promising a permanent settlement. It is impossible to foresee the course of events, and although to all present appearance an assessment in perpetuity will be a measure for which the Central Provinces may be ripe in a few years, yet circumstances might very possibly occur which would render it inexpedient, at least for a longer time than is now anticipated; and the Government would thus be placed in an equivocal situation in the eyes of the people, to whom it might not be easy to explain why the promised measure had been deferred. This objection applies to the proclamation, even if it were couched in terms more measured and reserved than those proposed by Mr. Temple.

9. Moreover, I believe that it is always difficult by a proclamation to convey to a rude and illiterate people the exact meaning intended; they might be led to expect more than was meant, and thus to impute to Government a breach of faith where none might in reality exist.

10. This objection does not apply to the reservation proposed to be entered in each separate engagement, because it is definite and plain. Each man reads in his engagement the simple statement that the settlement is for so many years certain thereafter, if Government should concede a permanent settlement, it will be liable to revision, but that, excepting that contingency alone, the assessment is fixed and unalterable for 30 years: there will be no room for doubt in this proceeding.

11. As no promise was made in the proclamation of 24th June 1854, there can be no breach of faith in Government modifying the intentions there expressed; and the more so as the ground is manifestly sufficient, and in the interest of the people themselves.

12. It may be worth consideration whether the preliminary and unalterable period might not be extended to 15 years, though I am inclined to think 10 years sufficient.

No. 88.]

No. 5124, dated Nagpore, the 21st November 1863.

From—Captain HECTOR MACKENZIE, Secretary to the Chief Commissioner, Central Provinces,

To—Colonel H. M. DURAND, C.B., Secretary to the Government of India, FOREIGN DEPARTMENT.

I HAVE the honour, by desire of the Officiating Chief Commissioner, to acknowledge receipt of your No. 265, dated 10th ultimo, on the subject of the term for which settlements of the land revenue in these provinces shall be concluded, and requiring a report of any further reasons which the Officiating Chief Commissioner might wish to urge in support of the view which was embodied in the 76th, 77th, and 83rd paragraphs, of this office No. 1636, dated 29th April last.

2. In reply, I am desired by the Officiating Chief Commissioner to state that he has called upon the Settlement Commissioner for his opinion and further information on the subject. I am only at present, therefore, to state that the Officiating Chief Commissioner finds the opinion previously expressed by him to be more and more strengthened by reflection and enquiry. He thinks, that if any estates or tracts of estates shall be found by the settlement enquiries now to come up to the conditions prescribed by the Secretary of State, they might be permanently settled at once: he apprehends that not many estates will be found so to fulfil the conditions. But whatever settlements be made now otherwise than permanent should, Mr. Temple thinks, be made for the specific period already ordered by Government, without any element of uncertainty being introduced into the engagement: it would always be in the power of Government to propose to the people that the settlement be revised in order to the demand being fixed in perpetuity. And the Officiating Chief Commissioner would not fear that this might be rendered unfeasible by individual objectors, neither in that case does he perceive, however objectionable permanent settlements otherwise than by tracts might be now that the infringement of the "tract" principle would, when it arose from a voluntary continuance under temporary engagements, be in any way objectionable; therefore the Officiating Chief Commissioner apprehends that the object of Government would be capable of full attainment, even although the power to revise in view of permanently settling the demand after ten years be not specifically reserved in the engagements. On the other hand, a specific reservation of the kind, which in many cases will not in all probability be acted upon, will unsettle the minds of the people, and prove, as Mr. Temple is inclined to think, a serious drawback to the otherwise advantageous character of the settlement.

3. The Officiating Chief Commissioner fears that, if the people knew that ten years hence there was a chance of a permanent settlement, there would arise a systematic deterioration of assets in order to get a low demand fixed: if this were to arise, the evil would be great. Since last writing on the subject he has seen a Minute by Mr. Muir, wherein the following passage occurs, which, though directed against another point, is even more forcibly applicable to the point now under consideration:—

"The object of native proprietors is not so much to obtain a permanent assessment, but a permanently *low* assessment. The very fact that a permanent assessment is known to be in prospect will render every rupee of reduction vastly more valuable than under a temporary settlement. The sacrifices and devices that are resorted to at our re-settlements, and for some time preceding, to make assets appear or actually to become less, will consequently be practised in a still greater degree; at least the motives for them will be intensified. There will be an ever-present endeavour on their part to depreciate the apparent value of their properties thus to overreach the revenue authorities and to secure a light assessment: the system will tend to agricultural depression and to eventual loss of land revenue."

4. Now it is precisely the result so forcibly depicted in the remarks above quoted which Mr. Temple apprehends would follow upon the announcement in these provinces that the new settlements are to be liable to revision after ten years at the will of Government, with or without the wish or consent of the people, with a view to making a perpetual limitation of the Government demand. The popular notion would be practically this, that the new settlement was to last for ten years only, and that then there would be a perpetual assessment; then the land-holding community would resort to the devices and sacrifices described above: the prevalence of practices would prove a most depressive incubus on agricultural improvement, and would retard progress in these provinces for the next ten years.

5. As to whether after the promise of a twenty or a thirty years' settlement, as already announced, it would not be of doubtful lawfulness to introduce any authoritative condition in respect to ten years, the Officiating Chief Commissioner need not add more to what was stated in my Despatch of the 29th April last.

6. He cannot, however, overcome his misgivings that it would be regarded by the people as a modification of the previous promise, and would shake their faith in any announcement of this kind that may be made to them: they would virtually understand that the promise of a thirty years actually made was now converted into a promise of only ten years. Distinctions might, no doubt, be drawn to show that such was not really the case, but it would be hard to make the people understand these.

7. Further, although great improvement within the next ten years is to be hoped for, still the coming changes will not have fully developed themselves within that time, and the condition of estates will not have undergone a complete transformation: if, therefore, an estate or tract of country he not fit for permanent settlement now, neither will it be fit ten years hence, though it may be fit thirty years hence. On this ground, then, the Officiating Chief Commissioner can perceive no objection in the determination of the period of ten years.

8. On the whole, then, the Officiating Chief Commissioner would still deprecate the assumption or reservation by Government of any right or condition to revise the assessments after ten years, even for the purpose of making a perpetual settlement; the more he thinks upon this course, the stronger do his objections become. There would be less objection to a proclamation to the effect that after ten years Government would be prepared to concede the boon to those who might be deemed fit, or, if that were thought too absolute, that applications for concession of the boon, if made, would be considered: but the Officiating Chief Commissioner would not really desire to see any proclamation in this form issued. In my Despatch of the 29th April last a proclamation to the above effect was only intended as a preferable alternative.

9. On the whole, then, the Officiating Chief Commissioner sees no objection to the concession now of a permanent assessment to such estates as might

"In order to prevent any undue sacrifice, it has been determined that the claim of the Government *against an estate* is not to be fixed until it has been cultivated up to a fair average, leaving only the usual proportion of waste land for pasture.

I have long been of opinion that a well-considered arrangement for fixing the land tax would, besides indirectly augmenting other sources of revenue, increase the productiveness of the land tax itself.

The Government can, under no circumstances, demand more than a moderate assessment. When, therefore, the cultivation has nearly reached its maximum, our obvious policy is to fix the assessment, and to trust for the further improvement of the revenue to the outlay of capital and the accretion of wealth, which are the natural results of permanency of tenure besides diminished expenses of collection and certainty of receipts. Thus the country becomes divided between estates the assessment of which has been fixed and estates which the owners are endeavouring to cultivate up to the point which will qualify for its being fixed and it is difficult to say which condition, is most conducive to the increase of the revenue."

Chief Commissioner believes that there is no necessity for any present: let the thirty years' settlement, he would submit, take effect, as already promised publicly to the people, and let nothing be said regarding the concession of a permanent assessment in future, and let the question of permanent settlement be postponed either indefinitely or until the expiry of the thirty years' settlement.

be found qualified by enquiry in the settlement now being made. This course has apparently the support of the high authority marginally noted, being an extract from the last financial statement by Sir C. Trevelyan. It may be repeated, however, that such estates will probably be few rather than many, but if there be objection on the part of the Supreme Government to such a course being attempted in these provinces, then the Officiating

No. 89.]

No. 46, dated Fort William, the 4th February 1864.

From—Colonel H. M. DURAND, C.B., Secretary to the Government of India, FOREIGN DEPARTMENT,
To—The Chief Commissioner, Central Provinces.

* *Vide paper
No. 88.*

WITH reference to your Secretary's letter,* No. 5124, dated 21st November, I am directed by His Excellency the Viceroy and Governor General in Council to inform you that settlements should be made for specific periods in the first instance. If they work well and are found to be fair to both Government and the people, and come up to the condition of fully assessed villages, then Government may, with the consent of the proprietors, declare the assessments perpetual; or if it were found expedient to revise such settlements in view to a perpetual settlement, any reduction of assessment would be given at once, but any increase would only commence from the year after which the curront settlement expired.

2. It would not be difficult to fix a maximum rate per acre on the culturable land of each village on the attainment of which the settlement might be considered fixed and determined for ever, but bearing in mind the circumstance that much of the Central Provinces consists of a new country, that many of the Government officers are inexperienced in fiscal matters, and, lastly, that the Secretary of State has agreed that permanent settlements are not expedient in this province, His Excellency in Council would not sanction their being made.

3. With reference to paragraph 3 of your letter and to the quotations given therein from Mr. Muir's Minute, I am to state that His Excellency in Council believes it to be quite true that the object of Native proprietors is to obtain not so much a permanent assessment as a permanent *low* assessment.

As regards the devices practised at re-settlements, His Excellency in Council is of opinion that if a *minimum* rate be fixed below which no perpetual settlement will be made, such devices would prove futile.

4. With respect to paragraph 5, His Excellency in Council observes that whatever settlement has been promised, that settlement will be binding.

